

March 12 1996
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FINANCIAL TIMES



Turkey
Uneasy coalition
Edward Mortimer, Page 11



Foreign exchange
Shifting focus in a mature market
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Common agenda
In search of the green vote
Environment, Page 8



German polls
Delivering a mid-term verdict
Page 2

Loyalists warn IRA of retaliation over bombing campaign

The British and Irish governments are facing the prospect of a serious escalation in paramilitary violence over Northern Ireland. Ulster Loyalist paramilitary leaders warned the IRA they would retaliate to each bombing "blow for blow", as the IRA admitted responsibility for a bomb explosion in west London at the weekend - the third explosion in the capital in as many weeks. Page 7

Wall Street wavers again as London slips back

Shares on Wall Street and London fell again as financial markets continued their recent volatility. In late trading in New York, the Dow Jones Industrial Average was just 17 points lower, having recovered from a 90-point drop. In Europe, initial rallies fell away as investors continued to react to the possibility that the falls in US interest rates might be over. London's FT-SE 100 index fell 35 points to 3,639.5, its lowest close this year, while the benchmark 10-year gilt fell by about half a point. London stocks, Page 28; World stocks, Page 32

Leaders gather for Mideast peace summit

The US and Israel urged greater international intelligence-sharing to counter terrorism, as world leaders began arriving for a summit in Egypt in response to suicide bombings in Israel. Arab leaders fought to widen the "anti-terror" focus of the 29-nation meeting. In Israel (left), security was increased in advance of the start of the summit, and the subsequent visit of US president Bill Clinton. Page 12; Israel attacks charity, Page 4

German exports fall: German exports fell year-on-year in December, finally reacting to last spring's sharp increase in the value of the D-Mark. But the December trade surplus rose, reflecting an even sharper fall in imports. Page 12; CDU juggernaut, Page 2; Editorial Comment, Page 11

Euro Disney to build new town: Euro Disney, operator of the Paris-based theme park, is to develop a new town including a 90,000 sq metre shopping development, houses and leisure facilities on the outskirts of its existing site. Page 12

Deutsche Telekom: said its 1995 sales had risen only 4 per cent to DM56bn (\$44.5bn) - DM2bn lower than forecasts made nine months ago - but declined to explain the shortfall, insisting the figures were preliminary. Page 13; Lex, Page 12

Lego to build 15 theme parks: Danish toy company Lego announced plans to spend about \$2bn building 15 new parks worldwide in the next century. Page 13

UK joins European arms projects: Britain is to join Germany and France in producing a new armoured car, a move German officials said would pave the way for UK entry into a joint arms procurement agency. Page 2

Clinton heads Dole in standings: As seven Republican party primaries were being held, a Washington Post/ABC survey put US president Bill Clinton ahead of Republican nomination favourite Bob Dole by 17 percentage points. Page 5

EU split on telecoms talks: World Trade Organisation talks on liberalising telecoms were thrown into uncertainty by a split between European Union governments. Page 4

UK criticised on fishing fleet size: Emma Bonino, the European Fisheries Commissioner, defended the Common Fisheries Policy and said the UK was lagging behind other EU member states in cutting the size of its fishing fleet. Page 7

Magellan cuts equity holdings further: The Magellan mutual fund, Fidelity Investments' leading fund, continued to cut its equity holdings in January. There has also been a shake-up of portfolio managers at Fidelity, involving managers of 26 equity funds. Page 13

Hanson, the industrial conglomerate, sold its remaining US forestry interests for \$1.59bn to Willamette Industries, the Oregon-based forest products group. Page 18

Japan Synthetic Rubber, the country's largest producer of plastic resin, is to merge its resin division with Mitsubishi Chemical, Japan's leading chemicals group and third-largest resin producer, to seek economies of scale. Page 16

STOCK MARKET INDICES

New York: Dow Jones Ind Av	4,613.13 (-13.24)	New York: NASDAQ Composite	1,087.16 (-15.12)
London: FT-SE 100	3,639.5 (-35.3)	Nikkei	19,850.27 (-133.58)

US LONGTERM RATES

Federal Funds	5 1/4%
3-Mth Treasury Bill	5.072%
Long Bond	6.9%
Yield	6.707%

OTHER RATES

UK 3-mth Interbank	6 1/4% (5.98%)
US 10 yr Bond	6.5% (5.9%)
France 10 yr Bond	103.51 (104.3)
Germany 10 yr Bond	98.75 (98.28)
Japan 10 yr Bond	98.38 (98.54)

NORTH SEA OIL (Average)

Spot 15-day (Apr)	\$18.76 (18.22)
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FOREIGN EXCHANGE

Alexis	15K 220	Berny	DM400	Lithuania	Lit 1500	Qatar	QR13.00
Australia	60c7	Canada	CD\$1.00	Latvia	LVL5	Saudi Arabia	SR12
Belgium	DM230	Denmark	DKK100	Lebanon	LB\$1500	Singapore	S\$4.30
Canada	CD\$1.00	France	FF100	Malaysia	MYR1.00	Slovakia	SK\$100
China	Y100	Germany	DM100	Mexico	MXN16	Slovenia	SI\$100
Denmark	DKK100	Italy	L1000	Norway	NOK100	Spain	Ptas200
France	FF100	Japan	Y100	Poland	PLN100	Sweden	SEK20
Germany	DM100	UK	£100	Portugal	Escudo200	Switzerland	Sfr100
India	Rs100	USA	\$100	Taiwan	NT\$100	Turkey	Lira100
Japan	Y100	South Africa	Rand100	Turkey	Lira100	USA	Doll100
South Africa	Rand100	UK	£100	USA	Doll100		

Beijing move prompts Taiwanese companies to reconsider investments

China live-fire tests raise tension

By Laura Tyson in Taipei and Tony Walker in Beijing

Tension between Beijing and Taipei reached the highest point in decades yesterday as China began live ammunition military exercises in the Taiwan strait, prompting leading Taiwanese industrialists to reconsider mainland investments.

The US assembled the largest naval force in the region since the Vietnam war to monitor events. Ships using some of the world's busiest shipping lanes were forced to go around the designated exercise site, and hundreds of flights due to pass near the area were diverted.

Taiwanese government officials said the escalation of cross-strait tension, which began last July, had hit the island's economy. The value of capital investment projects fell 70 per cent in January from a year earlier, the Industrial Development Bureau said.

The central bank said bank loans to private businesses, although down by a relatively modest 0.5 per cent in January from a year before, showed their first fall in a decade.

The military manoeuvres, coupled with missile tests near the island's two biggest ports which began last Friday, are intended to undermine support for Mr Lee Teng-hui, Taiwan's president, in the country's first direct presidential elections on March 23. Beijing also wants to push Mr Lee, the favourite in the polls, into dropping a campaign for greater recognition for Taiwan, which Beijing sees as a bid for formal Taiwanese independence.



China's president Jiang Zemin (second left) meets senior People's Liberation Army generals during the National People's Congress

China, which regards Taiwan as a renegade province, warned the US for the second consecutive day to stop interfering in the Taiwan issue. It said Washington's decision to deploy warships in the area encouraged "separatist" tendencies.

The Democratic Progressive party, Taiwan's main opposition party, led a trip near one of the missile test sites in protest at China's actions. "Taiwan is an independent, sovereign country. We will never succumb to coercion from communist China," Mr Shih Ming-teh, DPP chairman, said.

Several investment projects have been postponed. The Hong Kong Shipowners Association said at least 100 vessels travelling from Hong Kong to points along the China coast must change their routes during the live-ammunition exercises - adding five hours to the journey.

The missile tests are due to end on Friday and the live ammunition exercises on March 20.

UK government calls for curbs on EU powers

By Robert Peston, Political Editor, in London

The UK government yesterday launched a tirade against the European Court of Justice and outlined an anti-federalist vision of the European Union based on the "powers and responsibilities of the nation states".

Mr John Major, the prime minister, described as "ludicrous" and "complete nonsense" a provisional ruling by the European Court of Justice which could lead to a 48-hour working week being imposed on British companies.

He was speaking in the House of Commons before publication of a white paper on the UK's approach to this month's inter-governmental conference on reforming the EU's institutions, which drew mild criticism from the Tory party's Eurosceptic and pro-European wings.

Prime minister attacks ruling on 48-hour week

The Eurosceptics said they welcomed the government's intention to limit the EU's powers, although they doubted whether it would succeed.

In his most explicit attack on the EU, Mr Jonathan Aitken, Treasury chief secretary until last July, warned that if the government failed then "for the first time for many years, this bones would have to start to seriously consider the option of withdrawal" from the EU.

Underlying all the recommendations is a commitment to ensure that "national parliaments remain the central focus of democratic legitimacy".

The Labour opposition is likely to oppose the paper. However, it welcomed most of it, reserving criticism for government opposition to an employment target in the EU's treaty, its rejection of the social chapter and its failure to address monetary union.

Mexico plans to sell assets of failed banks in wake of crisis

By Leslie Crawford in Mexico City

The Mexican government plans to sell the assets of seven collapsed banks in an attempt to recoup part of the cost of bailing out the financial system during last year's financial crisis.

Senior finance officials said they hoped the government trust would act as a catalyst for the creation of a secondary market for discounted debts. "We aim to act as an initial marketmaker by establishing prices and attracting buyers for non-performing loans," a Mexican finance official explained.

Mr Malcolm Rifkind, foreign secretary, attempted to allay their concerns, saying this was an example of the court interpreting EU legislation for "purposes that were never intended".

Most of the white paper is a restatement of existing government policy. It contains reinforced commitments to oppose any extension of majority voting in EU decision-making or any increase in the powers of the European parliament.

Mr Rifkind reiterated that in the areas of foreign and security policy, together with justice and home affairs, the UK would insist that EU initiatives must continue to be based on unanimous agreement by member states.

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MEPs attack UK, France on IGC veto

By Neil Buckley in Strasbourg

European parliamentarians yesterday attacked Britain and France for blocking a plan to invite them to take part in negotiations in the forthcoming intergovernmental conference (IGC) on the future of the European Union.

"It is pure hypocrisy for ministers to talk about making Europe more open and democratic, and then to exclude the only democratically elected institution," said Ms Pauline Green, president of the 217-strong Socialist bloc in Strasbourg.

Ms Green said it was important not to repeat the errors of the negotiations of the Maastricht treaty, from which the parliament was excluded. Representation of parliament in the negotiations would give "democratic legitimacy" to the IGC, she said. Ms Green urged British and French citizens to challenge their governments on the issue.

MEPs in Strasbourg will today debate a resolution on their priorities for the IGC, which starts at the end of the month. The British and French prevented a weekend meeting of EU foreign ministers in Palermo from agreeing a compromise, put forward by the Italian presidency, that would have required the parliament to be kept closely informed on the progress of the IGC talks.

The majority of member governments want the parliament to have a role in the IGC. But Britain and France insist that as the IGC concerns negotiations between governments - whose outcome will be ratified by national parliaments - the European parliament does not have a place in them.

Mr Wilfried Martens, president of the Christian Democrat European People's party, the

second-biggest parliamentary grouping with 173 members, said yesterday he was "very disappointed" by the outcome of the Palermo meeting, but had "not lost hope completely".

Mr Martens believed it was vital that the European parliament should be given the right, alongside national parliaments, to ratify the results of the IGC, and any future

'It is pure hypocrisy for ministers to talk about making Europe more open and democratic'

changes to the European treaty - one of the priorities in the parliament's resolution.

In their debate today MEPs will consider a 19-page resolution - plus 230 proposed amendments - including demands for:

- An enhanced role for parliament, with a simplified co-decision procedure giving parliament equal status with the Council of Ministers on legislation where decisions are taken by majority vote.
- One European commissioner per member state.
- The president of the Commission to be elected by parliament.
- European citizenship to be developed complementary to national citizenship.
- The "third pillar" - justice and home affairs issues such as immigration, asylum and drug trafficking - to come under the umbrella of EU institutions.

González gives his blessing to likely successor

By Tom Burns in Madrid

A stable Spanish government headed by Mr José María Aznar's centre-right Popular party (PP) is "possible, desirable and even probable", Mr Felipe González, the outgoing Socialist prime minister, said yesterday.

He was speaking after a 90-minute meeting between the two men which appeared to dispel much of the political uncertainty following the March 3 elections in which the PP won the most seats but fell well short of an outright majority.

Mr Aznar faces tough negotiations with minority nationalist parties to create a governing majority but he is likely, in the end, to create a stable administration.

Mr González said it was the responsibility of the PP, as the largest party, to form the government and that the new administration should remove the spectre of political instability by serving out its full four-year term.

Mr González, prime minister for more than 13 years, looked relaxed after the meeting and almost seemed to be looking forward to a spell in opposition.

He said his Socialist party, which won 141 seats to the PP's 156 in the 350-member parliament, would oppose Mr Aznar when he sought the confidence of the house in an investiture debate next month but would not be "an obstacle" to support by other parties for a PP government.

Mr Aznar who held a separate press conference in the grounds of the Moncloa Palace, the official residence of Spain's prime ministers where the meeting took place, said his talks with the nationalist



González (right) and Aznar after talks in Madrid yesterday

parties were "on the right track, looked reasonably encouraging and had their own rhythm".

The PP has begun negotiating the framework of an alliance with the Catalan and the Basque nationalist MPs in the Madrid parliament and Mr Aznar is now preparing for meetings with the leaders of both groups later in the week.

The 21 seats that the two nationalist parties have between them in parliament would ensure an outright majority for the centre-right.

Mr Aznar is also seeking the support of regional parties in the Canary Islands and in Valencia which have a further five MPs. "We will all have to make concessions and give up part of our electoral programmes," Mr Aznar said. He warned that a final agreement could take time.

The PP and the nationalist parties all broadly share pro-business economic policies. Mr Aznar is likely to offer generous self-government terms to secure the support of the Basques and the Catalans.

Warsaw to guarantee third-party grid access

Poland plans power sell-off over 7 years

By Christopher Bobinski in Warsaw

Most of Poland's electricity generating and distribution sector should be in private hands within seven years, the government said in a white paper yesterday.

"We need to privatise to keep energy prices from growing too fast, to obtain capital for modernisation and to get access to technical know-how and management skills," Mr Klemens Sclerski, the industry minister, said yesterday.

He added that around \$50bn would be needed to be spent over 15 years to modernise the pollution-ridden industry, half of whose 33,000MW of capacity needs to be replaced.

The Industry Ministry is in the final stages of choosing an adviser for the privatisation of the 2,740MW Piatow-Adamow-Konin (PAK) generating complex in western Poland which provides around 10 per cent of the country's power.

This is seen as a pilot privatisation along with the sale of two regional distributors, ZE Gliwice in the industrial district of Silesia and ZE Poznan, in the west of the country.

The overall privatisation scheme - broadly modelled on the UK power sector privatisation - comes as parliament is debating a delayed move to set up a regulator for the industry.

The government intends that privatisation ensure the principle of third-party access (TPA) to the national electricity grid and its network of gas pipelines, allowing all producers to use the energy distribution system on equal terms.

Mr Zbigniew Bicki, the head of the Polish Power Grid Company (PSE), which buys power from generators and distributes and sells it to 33 regional distribution companies, said yesterday the proposed reforms "could not be implemented" if the TPA principle was voted out of the draft energy law.

TPA is opposed in parliament by the gas lobby which fears competition from future supplies of Russian gas and more coverly by sections of the power industry fearing that the introduction of competition will lead to some of the companies folding.

Under the proposed changes, PSE would manage the distribution system but cede its wholesale functions to the distributors, and to the energy brokers who are expected to appear as a free market in electricity develops.

The PSE is also to be privatised. The white paper envisages the formation and privatisation of 5-10 groups of power producers augmented by smaller local generators from among the 62 existing power and heat and power plants.

These companies would sell power to regional distributors and directly to large customers. PSE initially would handle exports and imports through Poland's links established last year to the western European grid.

France's Post Office tries to deliver change

Andrew Jack reports on how an old institution is drawing criticism for experimenting with services

Mr Jacques Lenormand, deputy managing director of the French Post Office, has no difficulty remembering the exact date four years ago when a last-minute political manoeuvre scuppered his revolutionary plans to launch an interest-bearing current account.

The details of "Liberté" had been finalised, and the advertising campaign was ready. "I had left for my skiing holiday in Val d'Isère when I was interrupted," he recalls. The posters on his wall are all that remains of the idea, quashed by ministers at the last minute.

The incident highlights the Post Office's growing interest and record of innovation in the field of financial services, and the often effective counter-attacks from its banking and insurance competitors.

Mr Lenormand shows no sign of giving up the struggle. Last year, he laid the foundations for a sharp growth in the sale of life assurance policies, signing contracts with Assurances Générales de France to complement the scheme available through its branches already provided by Caisse Nationale de Prévoyance.

He is currently in the process of finding and training 400 new financial advisers. He is developing ways to attract more business clients, stressing the sophisticated treasury management and money transfer facilities of the Post Office. For the future, he is experimenting with innovative services such as selling postage stamps through cash dispensers. He is also considering ways to boost the volume of loans offered to individuals, including more at variable interest rates.

Each such step will further irritate France's other financial institutions, which claim that the Post Office has benefits from tax deductions and fewer regulatory controls than its rivals. They say its network of more than 14,000 branches and its reputation for trustworthiness give it a competitive advantage.

Mr Lenormand says the aggression reflects the fact that the Post Office has been fighting back. During the 1980s, it was losing 0.8 per cent a year of its financial services income to French banks. Since then, it has reversed the trend - at a time when competition



From delivering letters to competing with the leading banks

has been intensifying in other areas. He rejects his competitors' claims about unfair advantages. He admits that the Post Office pays 15 per cent of the level of "professional tax" levied on companies for its branches, but says the FF1.2bn (\$230m) annual saving is more than consumed in FF3bn in subsidies to keep loss-making branches in small communities open.

He says 90 per cent of branches are in settlements of fewer than 5,000 people - one branch had turnover of just FF47,000 (\$8,064) in 1994. The Post Office has pledged to close no branches, at least until the end of next year when its charter with the state comes up for renegotiation.

The French association of insurance companies has pursued the French government in the European Court of Justice on the subject - despite the fact that Mr Lenormand signed the Post Office's agreement with the state until the end of this year with the body agreeing not to sell non-life insurance policies in its branches. He says there is "no project yet" to change tack after 1996.

Countering the banks' arguments that the Post Office does not have to follow the same prudential ratios against lending, he stresses that the institution is forbidden from making commercial loans. All it

can provide are overdrafts and some top-up housing loans, making up a small volume with low risk.

More awkward is the charge that the Post Office has no equity, making it more difficult to judge its efficiency. He replies simply in terms of the substantial income and employment generated by the state through the institution.

He also points out that he has lost ground on a number of occasions, such as when the French banks agreed at the end of last year to accept lower commission from the government on its new zero per cent housing loan programme, as long as the Post Office was banned from providing them.

He accuses the banks and insurers of having an element of hypocrisy in their complaints. While they argue that the Post Office is stealing their business, they are happy to agree vast contracts to manage the funds it collects.

The most recent attack from the banks followed leaked proposals earlier this year that the Post Office planned to restructure, sacrificing traditional postal services in favour of financial products.

Mr Lenormand argues the opposite: that his aim is to boost the proportion of postal business conducted through branches - currently just 13 per cent - to help keep local offices open.

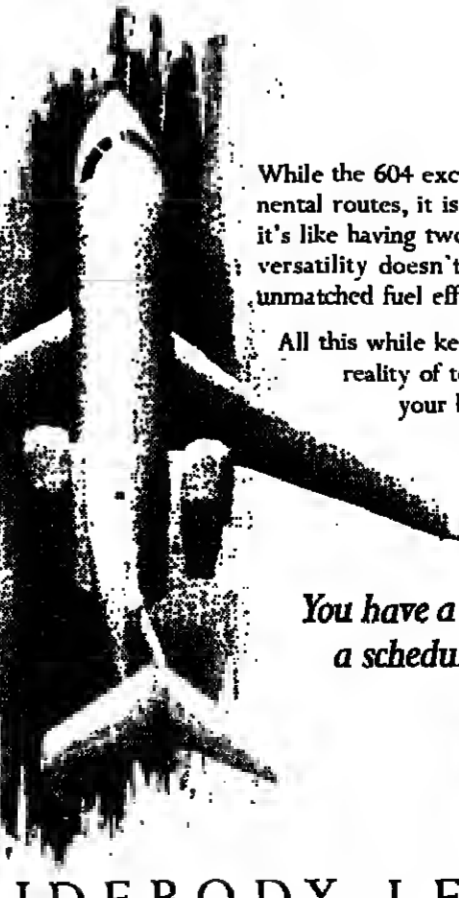


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مكتبة الأرحم

Uphill battle for Dole to beat Clinton

By Jurak Martin in Washington

Senator Bob Dole was expected to sail smoothly through yesterday's round of seven Republican primaries but new public opinion polls confirm he can expect rougher waters against President Bill Clinton in the November general election.

A Washington Post/ABC survey yesterday had the president ahead of the majority leader by 56-39 per cent. This is comparable to the advantage he has been given in some other polls, though one this week for Time/CNN had Mr Clinton ahead by a more modest 49-40 per cent.

At least Mr Dole was trailing the president by less than his two remaining primary rivals. Mr Clinton was given a 61-33 per cent lead over Mr Steve Forbes, the magazine publisher, and was trouncing Mr Pat Buchanan, the conservative pundit, by 65-28 per cent in the Post/ABC poll.

With his nomination all but in the bag, speculation is inevitably mounting about Mr Dole's choice of a vice presidential running mate. Equally inevitably, the name mentioned more frequently than any other is retired General Colin Powell, former chairman of the joint chiefs of staff.

The Time/CNN poll adds fuel to the flames by finding a Dole-Powell ticket slightly ahead, by 47-45 per cent, when

matched against Mr Clinton and Vice President Al Gore.

By contrast, Mr Dole loses when paired with two other possible selections, popular big state governors Christie Whitman of New Jersey and John Engler of Michigan. Clinton-Gore heats Dole-Whitman 51-40 per cent and Dole-Engler 50-38 per cent.

Mr Buchanan has repeatedly warned that Gen Powell's presence on the ticket will cause both anti-abortionists and doctrinaire conservatives to bolt the party. However, the polling evidence is that their loss would be more than offset by the addition of moderate Republicans, independents and some Democrats attracted by Gen Powell.

But Mr Powell has shown no signs of going back on his promise not to seek national office this year. That has promoted speculation that the majority leader might explicitly offer him the position of secretary of state in a Dole administration.

Another vice presidential possibility being touted in conservative circles is Congressman John Kasich of Ohio, energetic chairman of the House budget committee. At 43, he would bring youth to a ticket likely to be headed by a 72-year-old and would also add a reformist element not very pronounced in Mr Dole himself.

Falklands fishing fee refunded

By Matthew Doman in Buenos Aires

British fishing authorities have refunded a £70,000 (\$110,000) licence fee charged last week to an Argentine-registered, US-owned vessel for fishing around South Georgia in the south Atlantic.

The refund, and the withdrawal of the vessel from the territorial waters of the uninhabited UK dependency, should ease recent stresses in Argentine-British relations which worsened when Argentina protested at the fee on a vessel carrying its flag.

The move was seen by the Argentine government as representing a hardening of British attitudes towards Buenos Aires' claims to sovereignty over the islands and threatened to derail talks on fishing co-operation in disputed waters around both South Georgia and the Falkland Islands.

The British Embassy in Buenos Aires said the fee was refunded at the request of the Seattle-based company, American Sea Food, which had decided to withdraw its vessel, Atlantic III, from South Georgia waters.

Tough anti-Cuba law signed in US

By Nancy Durne in Washington and Stephen Fidler in London

President Bill Clinton yesterday signed into law tough new legislation which he said would send a "powerful, unified message to Havana" by discouraging foreign companies from doing business in Cuba.

The legislation, driven by outrage over Cuba's downing of two civilian aircraft two weeks ago, allows Cuban Americans, whose property has been expropriated by the Cuban government, to sue in US courts foreign companies benefiting from the property. Foreign nationals "trafficking" in such property could be denied entry into the US.

Mr Clinton yesterday had the families of the downed pilots on hand to witness the bill's signing. "In their memory I will continue to do everything I can to help the tide of democracy that has swept our entire hemisphere finally reach the shores of Cuba," he said.

The legislation was sponsored by Senator Jesse Helms, long-time anti-communist and chairman of the Senate foreign relations committee, and Congressman Daniel Burton, chairman of the western hemisphere subcommittee.

The bill had been blocked by a filibuster until the shooting



Jesse Helms: anti-communist architect of the legislation

down of the jets. The legislation has brought protests from the US's closest trading partners, including Canada and the European Union. But Mr Marc Thiessen, a spokesman for Mr Helms, said: "The EU, instead of crying and moaning, should re-examine what it's doing. The time for appeasement to Havana is over."

Driven by election year politics, Mr Clinton agreed to sign the legislation after negotiating for the right to suspend

the provision allowing lawsuits. He can only waive it for six months at a time and he must declare the suspension to be both in the national interest and necessary for boosting democracy in Cuba.

If he does not use his waiver powers, about which he must make a declaration by July 15, the right to sue will become effective on August 1.

Mr Thiessen said the legislation would create "a legal minefield" for those companies doing business in Cuba.

ambiguity of the legislation would only be resolved by the courts. Mr John Coogan, a lawyer at Cole Corbett and Abrutyn in Washington, said companies doing business in Cuba could be liable to damages as high as four times the value of the property as certified by the US Foreign Claims Settlement Commission. The courts would have to decide whether the operation of a subsidiary in Cuba would taint an entire multinational corporation.

He said there were 3,911 certified expropriation claims, of which some 700 to 800 might qualify for the right to bring a private lawsuit. However, non-US claimants could transfer their claims to US corporations meaning "the universe of potential new claimants is larger than simply the Cuban-American community presently residing in the US".

The act allows US nationals to settle lawsuits by accepting an interest in the appropriated property. The effect of this is "to grant private US nationals a unilateral right to lift the US embargo against Cuba on a case-by-case basis", he said.

Some governments are studying retaliation if their businessmen are refused US visas. "US executives could quickly find themselves getting barred from other countries. This could escalate into a little visa war," said Mr Malen. US lawyers said much of the

Anglophones in Quebec take to their heels

Bouchard makes it clear his independence dream has not been abandoned, says Bernard Simon

The Centaur Theatre in historic Old Montreal is one of the few places in Quebec where English still appears above French on public signs. It was thus fitting that Mr Lucien Bouchard, the province's premier, came to this landmark of Quebec anglophone culture on Monday evening to try to steady the nerves of English-speaking Québécois.

Mr Bouchard himself accurately described the anxieties that have pervaded the 15 per cent of Québécois whose home language is not French since his secessionist forces came within an ace of winning an independence referendum last October 30.

"Many feel that the unthinkable is now possible and they are convinced that Quebec will, soon, be sovereign," he said. "Many are preoccupied about their future, individual and collective."

Evidence of those anxieties is not hard to find. The snow-covered lawns of Montreal's English-speaking neighbourhoods are dotted with For Sale signs. The talk at dinner parties is of moving "down the 401" the highway that links Montreal and Toronto. A growing number of English-speaking university students plan to leave Quebec after graduation.

Until the mid-1970s, much of Quebec's economy was in English-speaking hands, with francophone Québécois typically confined to blue-collar jobs and the civil service. Such bastions of English-speaking business as Canadian Pacific and Alcan Aluminium still have their head offices in Montreal. But much has changed since the "quiet revolution" which brought French into the boardrooms and spawned a more assertive strain of Quebec nationalism.

The separatist Parti Québécois, which took office for the first time in 1976, unsettled the anglophone community with Bill 101, which designated French as the province's only official language. Montreal's famous delicatessens could no longer put up English signs. Newcomers found it difficult to snuff their children at English-speaking schools.

The vast majority of anglophone Québécois are now bilingual. "We live side by side," says a judge who attended Mr Bouchard's speech. "But we don't know each other, we don't communicate with each other."

The referendum outcome has not only renewed old anxieties, it has spawned a more radical and outspoken element in the anglophone community.

One especially contentious idea is that English-speaking areas, notably parts of Montreal and the area around Ottawa, should themselves break away if Quebec opts for independence. Some 1,400 people attended a public meeting last month to consider the topic: "If Canada is divisible, then so is Quebec."

The federal government in Ottawa initially encouraged the idea, but pulled back when it threatened to inflame emotions in both the federalist and separatist camps.

Mr Bouchard made some moves to reach out to his audience on Monday. He urged them "to engage in a dialogue", and noted that many of their concerns, such as the quality of healthcare and funding for cash-strapped cultural institutions, were much the same as those of French-speaking Québécois.

Several of his ministers were on hand to mingle with the crowd before and after his speech.

Premier fails to steady the nerves of Quebec's English speakers

But the premier also had a more sombre message. He noted that the recent talk of partition "shifts our differences from the democratic plans to another one, one that is much more disturbing".

He left no doubt that the campaign for what anglophones fear most - Quebec independence - would not be abandoned. Forgetting about sovereignty, he said, "would be tantamount to saying: forget about hoping for spring".

Some anglophone leaders have pinned their hopes on Mr Bouchard's reputation as a pragmatic politician. They have been encouraged by his promise to put economic renewal, especially in Montreal, ahead of a renewed drive towards independence for the time being.

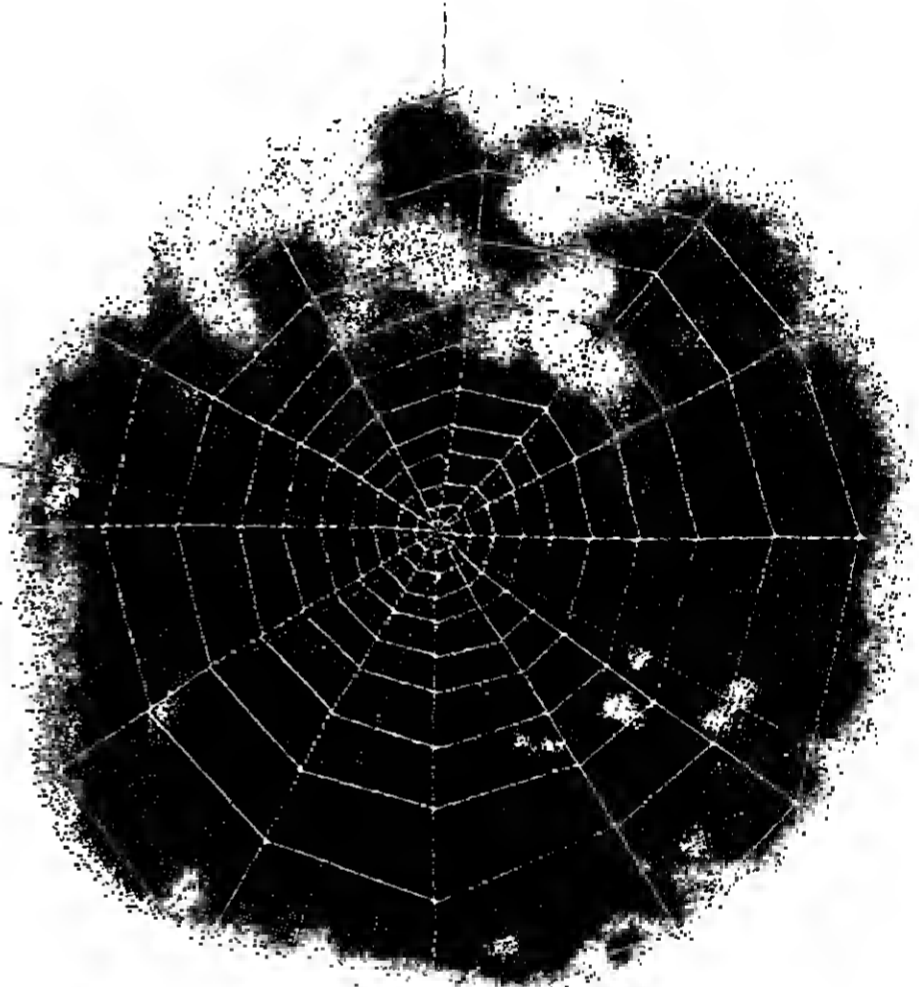
But the cool, if polite reception they gave Mr Bouchard on Monday showed that their fears have by no means been allayed. Mr Maurice Podbury, the Centaur's artistic director, said that "agreeing to disagree is a luxury that time will no longer allow".

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Republican candidates vie to press for a tougher stance against China as tensions get worse

Taiwan row strains US 'ambiguity' doctrine

By Jurek Martin in Washington

The current tension between China and Taiwan in a US election year invites a sense of political déjà vu. In the 1960 campaign, it was candidate John F. Kennedy who accused his opponent, then vice-president Richard Nixon, of taking too complacent an attitude towards China's intentions over the islands of Quemoy and Matsu.



Taiwanese troops ride on a military truck on Penghu island off western Taiwan yesterday

Even Senator Bob Dole, presumptive nominee, has dropped some of his traditional foreign policy bipartisanship in urging a tough US stance in a weekend TV interview, he said "if necessary, we would protect them [the Taiwanese]," though he did not specify how.

tion year, US relations with Beijing have been fraught for much of the last three years over a succession of difficulties covering trade, human rights and Chinese missile sales. Yet the US remains reluctant to ditch what its policymakers call the doctrine of "strategic ambiguity" concerning the extent of its willingness to come to the aid of Taiwan.

Japanese consider sanctions over nuclear tests

By Peter Montagnon in Tokyo

The Japanese government fears China may carry out a further underground nuclear test in the next few months, severely exacerbating bilateral tensions and prompting pressure for tougher sanctions.

This time the massive subsidised credits which Japan provides for Chinese infrastructure projects could be cut. China receives some \$2bn in such credits a year. "We certainly hope the Chinese will not conduct any further tests," Mr Yukihiko Ikeda, foreign minister, said this week.

is impossible during the winter. One concern among Japanese Defence Agency officials is a shift in China's public language on testing. China had been saying that it would halt all nuclear testing when the international community had agreed a new comprehensive test ban treaty, expected this year.

Capital inflows push Thais into policy dilemma

With Thailand's current account deficit standing at as much as \$1 per cent of gross domestic product, the country's economic officials should arguably be concerned primarily about maintaining the strong pace of capital inflows needed to finance that deficit.

ing this job difficult and have pushed financial authorities into a serious policy dilemma. The announcement this week of yet another possible round of administrative measures designed to slow the inflow of hot money, increasing reserve requirements on non-resident accounts, or taxing currency swaps, is a sign the dilemma has not been resolved.

overall economic policy that it won't be abandoned. So the only tools left are administrative. Tough measures being considered include the introduction of hedging requirements on all foreign exchange transactions or requiring that capital entering Thailand remain in the country for a certain time.

Capital inflows push Thais into policy dilemma

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short-term money to Thailand and creating excess liquidity in the banking system. The announcement this week of yet another possible round of administrative measures designed to slow the inflow of hot money, increasing reserve requirements on non-resident accounts, or taxing currency swaps, is a sign the dilemma has not been resolved.

with the compilation and forecasting of economic data, one senior official claims. Tough measures being considered include the introduction of hedging requirements on all foreign exchange transactions or requiring that capital entering Thailand remain in the country for a certain time.

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Advertisement for Berlitz featuring the text 'FAST, EFFECTIVE, AFFORDABLE. Would speaking your customer's language have made the difference? Did your last meeting overseas go as well as you had hoped? No? Why not? Did you lose out to a competitor who did speak the language of the customer? Don't let it happen again.'

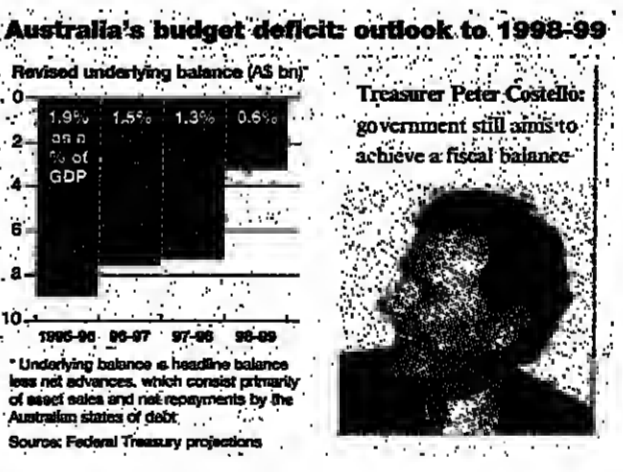
Table titled 'Flows for electricity generated for the purposes of electricity trading and other uses in England and Wales' with columns for year, purchase price, and selling price.

Table titled 'RIDDLETON LIMITED' with columns for year, revenue, and profit.

Canberra prepares cuts to reach fiscal balance

By Nikki Tait in Sydney

Australia aims at fiscal balance by 1997-98, a year later than planned under the ousted Labor government, after figures released yesterday by the new Liberal-National ruling coalition showed it faced an underlying federal budget deficit of A\$7.64bn (\$3.55bn) in the 1996-97 financial year.



By publishing a revised estimate of the outcome of next year's budget six months before that budget is finalised, Mr Howard is using for political purposes figures he once described as notoriously unreliable," Mr Costello said.

He refused to be drawn on where the cuts would come from, but pointed to a new "expenditure review committee," to be headed by Mr John Howard, the prime minister, which will scrutinise budgetary outlays, and a new national audit commission. This will look at how government could manage spending more efficiently, and has been asked to report by June 19.

Hashimoto's honeymoon is over, say polls

By William Dawkins in Tokyo

The political honeymoon of Mr Ryutaro Hashimoto, the right-wing trade hawk who became Japanese prime minister in January, ended yesterday with a sharp decline in opinion poll ratings.

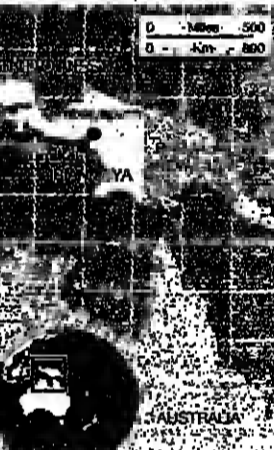
veys, between a quarter and a half of the public want the government to drop the Y865bn (\$3.24bn) proposed public subsidy for the jusen liquidation. However, Japan's electorate is also critical of the NTF's five-day blockade of parliament, holding up progress on this year's budget, which contains the jusen subsidy plan. Nearly two-thirds of those surveyed by the Asahi opposed the sit-in.

More than two-thirds of those polled by the Nihon Keizai Shimbun said the government should concentrate on resolving Japan's economic problems and set aside thoughts of an election for the time being. According to yesterday's survey, Mr Hashimoto's acceptance that the jusen will be a central issue in the Gih poll. There, the LDP will be represented by Mrs Tsuyako Ono, the widow of the LDP politician whose death left an upper house seat vacant. Her main rival is Mr Tetsuo Yoshioka for the time being.

Riots hit second mining town in Irian Jaya

By Manuela Saragosa in Jakarta and Kenneth Gooding in London

Rioting spread to another mining town in Irian Jaya, Indonesia, yesterday after disturbances which this week temporarily closed the Grasberg mine, one of the world's biggest copper and gold producers.



Yesterday's disturbances were in Timika, where rioting Irianese broke windows and damaged equipment at an environmental laboratory owned by Freeport-McMoRan Copper & Gold, which operates Grasberg.

The rioting was reportedly sparked off when relatives of a local resident, hit by a car driven by an employee from another mining company in the region, were prevented from visiting the victim in the local hospital. The Indonesian military sent in extra troops to deal with the rioting after the police lost control.

هكذا من الرجل

Loyalist leaders give retaliation warning

By John Kampfer in London and John Murray Brown in Dublin

The British and Irish governments last night faced the prospect of a serious escalation in paramilitary violence as loyalist leaders warned the IRA they would retaliate to each bombing "blow for blow".

A cemetery in the west of London early last Saturday - the third explosion in London in as many weeks. Three people have so far died, although no-one was injured in the latest attack.

The IRA admission was likely to put further pressure on Mr Gerry Adams, Sinn Féin president, who left yesterday for the United States. The Clinton administration has forcefully condemned the resumption of IRA violence.

The Combined Loyalist Military Command said: "We have withstood the recent provocation of IRA bombs on the mainland which have killed our innocent British fellow citizens. These atrocities cannot be permitted to continue without a telling response from this source."

The Irish capital was on increased alert last night. Security has been heightened around a number of important locations, among them the Financial Services Centre. A Garda official said security measures were under constant review.

Subsidy for Ulster power company

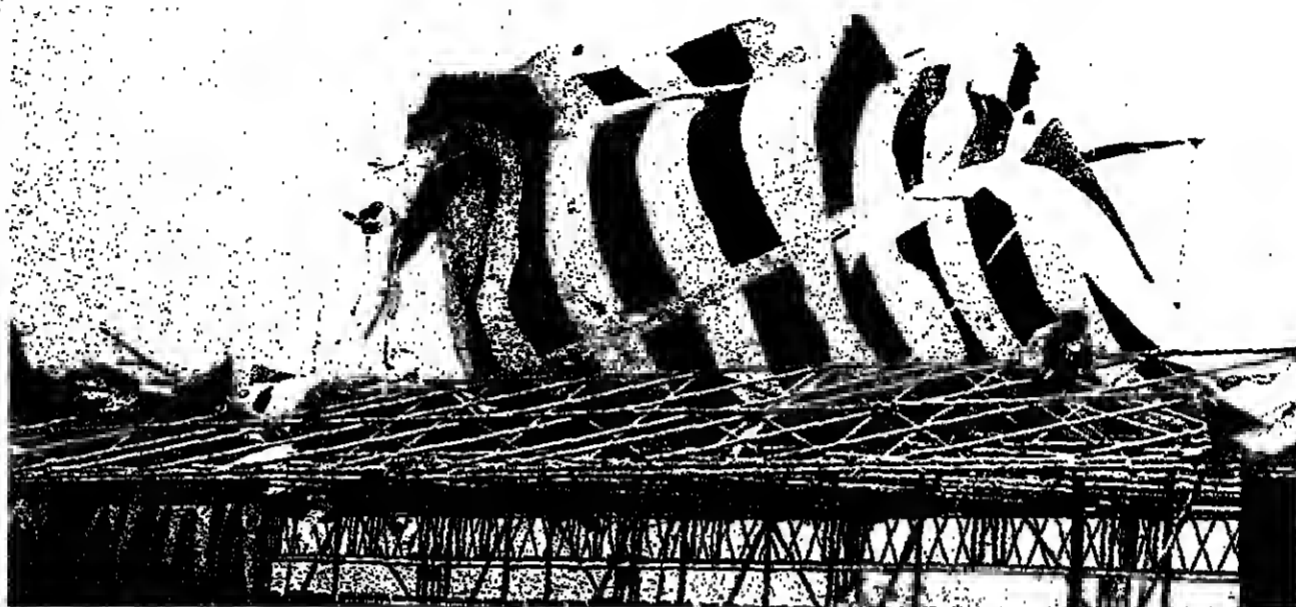
By John Murray Brown in Dublin

The British government yesterday announced details of a £16m subsidy - the first tranche of a £60m (\$92m) programme over three years - to offset the rise in electricity prices in Northern Ireland, which are about 23 per cent higher than the UK average.

Irish trade boom reaps peace dividend

By John Murray Brown in Dublin

The Republic of Ireland last year overtook Italy to become the UK's sixth most important trade partner. In further evidence of the business impact of the Northern Ireland peace process.



Trade winds: As Cheltenham racecourse awaited the influx of Irish punters yesterday, winds damaged the Guinness hospitality area

Two-way trade was up 15 per cent to £14.5bn last year, according to the latest UK figures. Trade was almost in balance in 1994, but moved back in the UK's favour last year.

Irish companies are starting to target the 830,000 Irish-born residents in the UK. Trade officials point to the arrival of the "shibben" pub concept in the UK, the launch this summer of Tara, a privately run cable television channel to beam RTE Irish programmes as well as the recent move by Mr Tony O'Reilly, the Irish businessman, to print the Irish Independent in the UK for the first time.

Referring to this Irish identity, Mr Pat Maher of the Irish Trade Board in London said: "It used to be the last thing an Irish company wanted to admit to. But now the marketing people say you've got a niche."

The UK historically was Ireland's most important market, having been part of a currency union from 1823 until 1978, when the UK left the European Monetary System. Ireland's big foreign-owned multinational sector accounts for 80 per cent of Irish exports of £22.6bn - 25 per cent going to the UK.

One Irish trade official said: "It's always much easier to do promotions like Opportunity Europe." Certainly the profit margins of the UK-oriented export sector have been hit by the appreciation of the Irish pound against sterling.

second wn aya

Isolation from the UK, the small size of the market, and the need to have a number of generating sets, which reduces the scope for economies of scale, has seen the gap between prices in the province and the rest of UK widen following privatisation.

Airports show rise in passenger numbers

By Michael Cassell, Business Correspondent

Airports in the UK experienced a big rise in passenger traffic in February, compared with February last year, providing continuing indications of high levels of economic activity.

slightly down from January it was, however, just over 12 per cent higher than in the same month last year.

rose by more than 13 per cent last month compared with the same month last year.

more than 42 per cent from February last year.

rise. Heathrow saw passenger traffic increase by 9 per cent compared with February last year.

UK NEWS DIGEST Virgin and BA settle in UK

British Airways said yesterday that it had settled its alleged "dirty tricks" case with Virgin Atlantic in the UK, with Virgin agreeing to pay BA a net £138,000 (£203,490). The two sides said last year that they would each pay a proportion of the other's costs.

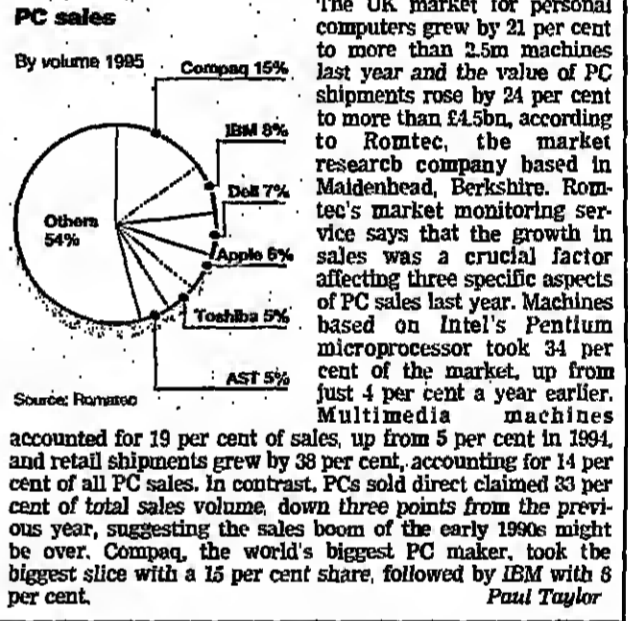
Aide says she respected Nadir

Mrs Elizabeth Forsyth, an aide to Mr Asil Nadir, had no reason to doubt the honesty of the former Polly Peck chairman, she told an Old Bailey jury yesterday. Giving evidence at her trial, Mrs Forsyth said she got on "very well" with Mr Nadir.

Banks keen on chip cards

British bankers are determined to press ahead with plans for installing electronic chips on their payment and credit cards, even if declining losses from fraud have reduced the potential gains to be reaped from improved security.

Computer market up 21%



IGC paper 'defends British interests'

By John Kampfer, Chief Political Correspondent

The mildly Euro-sceptical hard-line UK government white paper on Europe increases the chances of a stalemate in the coming intergovernmental conference and could lead to a political crisis later this year, according to senior diplomats in Brussels.

The UK is lagging behind other EU member states in cutting the size of its fishing fleet and will have to catch up, Ms Emma Bonino, the European fisheries commissioner, said yesterday.

refusal to incorporate the social chapter on EU employment rights into the new treaty.

On the day the government lost the first round of its challenge on a Euro-directive setting out the right to a maximum 48-hour week, criticism of the court in the white paper appears mild. It notes that the UK was referred to the court on average five times less often than its neighbours.

exclusive policy which would replace national foreign policy. Where specific British interests are at stake we shall insist upon retaining our freedom of action.

CZECH OUT STANSTED

Advertisement for Stansted-Prague flights. It includes a photograph of a plane, flight details (Flight OK 667, OK 668), departure and arrival times, and contact information for CSA - Czech Airlines. The text mentions that the flight is operated by a new service effective 31st March 1996.

THE COMBINED STRENGTHS
OF FORTIS

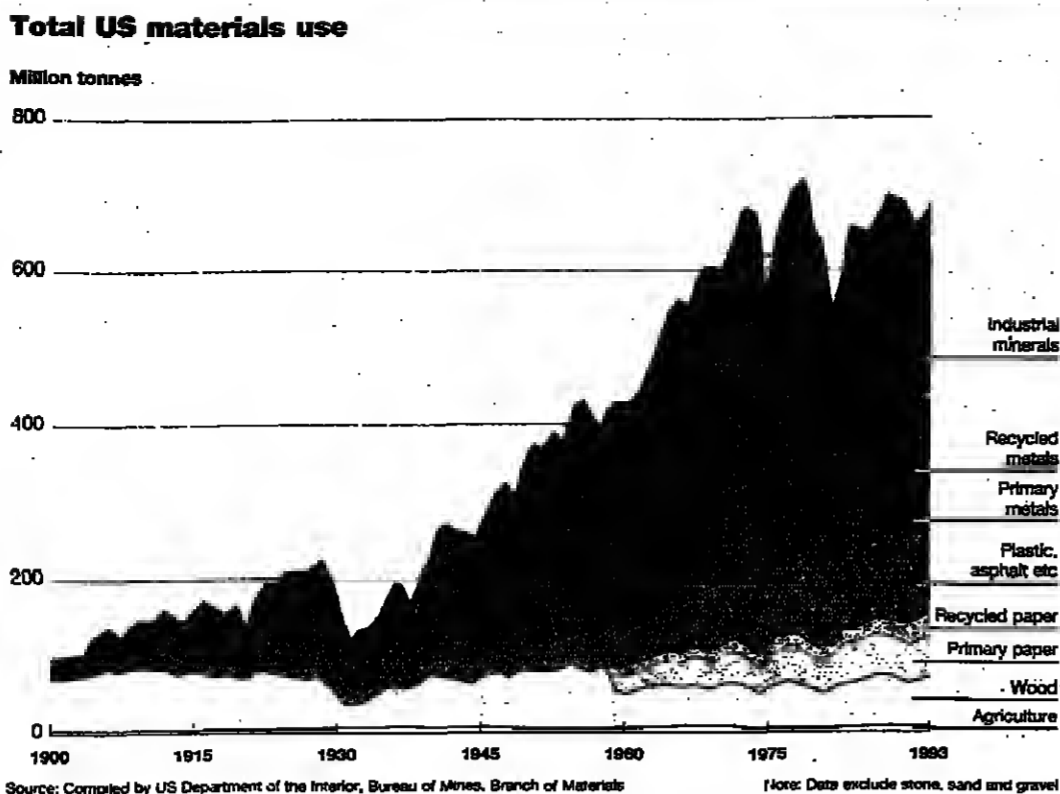
BUSINESS AND THE ENVIRONMENT

Two documents issued recently on either side of the Atlantic - by Tony Blair, the British Labour party leader, and by President Bill Clinton's Council for Sustainable Development - have a similarly green hue to them.

The first is a pre-electoral speech made last month on what Labour would do for the environment if it comes to power. The second, a strategy for the pursuit of environmentally-sustainable development into the next century, was approved by the US president last week. Their common premise is that "greener" can mean "richer": environmental protection is fully compatible with a thriving economy and social justice.

Despite the Labour leadership's habit of seeking advice from US Democrats on how to get elected, Frank Dobson, Labour's spokesman on the environment, says any similarities between the two programmes are "purely coincidental".

The "green" vote in both countries, however, makes it perfectly sensible for Labour and the Democrats to position themselves as the environmentally-friendly party in elections due this year in the US and by spring 1997 in Britain.



Common agenda

Bill Clinton and Tony Blair have just issued green documents with a similar hue, writes Leyla Boulton

Environmentally-sustainable development is a notion to which both President Clinton's current administration and the Conservative government in Britain have already subscribed in theory.

But while skirting around potential problems, both Labour and the Council, which includes four Clinton cabinet members as well as businessmen and environmentalists, have sought to take it forward in practice.

The common features of their new programmes for sustainable development are:

- A stress on social justice - or, as the more cautious US report puts it, equity in pursuing environmental improvements.
- According to the US report, "sustainable development can remain remote and theoretical unless it is linked to people's day-to-day lives and seen as relevant to fundamental needs such as jobs, clean air and water and education". Like Labour, the president's Council goes on to stress the benefits of local community action to solve environmental problems. It also details how a number of such projects have worked in the past and suggests ways of stimulating them in the future.
- But it avoids specific Labour-style commitments on how environmental justice can create the economic benefits that Blair says are necessary to "take people with" the environmentalist cause. Eager to distance himself from Labour's traditional fears that the environment is bad for employment, Blair promises to create up to 50,000 jobs through a programme to promote

energy efficiency in the home. He does not say how this will be financed although Dobson suggests funding from a future windfall tax on electricity companies.

As the multitude of examples given in both documents suggests - from British towns' schemes to reduce car use to Oregon's attempts to devise new environmental indicators - local initiatives can be far more effective in creating environmental benefits than central planning.

- Greater use of market instruments to further environmental goals.

Both parties hide behind the concept of market instruments - incorporating such concepts as tradeable pollution permits, which already exist in the US and are being explored in the UK - to avoid specific recommendations on the thorniest issue of all, eco-taxation.

The president's Council recommends reforming taxation in order to discourage pollution and waste, as well as reviewing environmentally-harmful subsidies. But it says the Council has reached "no consensus on specific policy options". David

Buzzelli, the Dow Chemical vice-president who co-chairs the Council, acknowledged the delicacy of the issue when he said that "making a statement linking taxation and pollution, signed by business leaders and members of the cabinet in an election year, is already impressive".

Taxation of pollution is seen by many economists as one of the most effective ways of reducing noxious air emissions and combatting other environmental problems. It also need not hurt growth and jobs if offset, say, by lower payroll taxes, as the US report recognises in calling for "revenue-neutral" environmental taxation. However, the pre-electoral shyness of both Labour and Democrats - terrified of being branded "tax-and-spend" parties by conservative rivals - illustrates the trickiness of selling green policies to voters who like being nice to the environment but prefer not to pay for it.

Blair does not mention taxation, despite calling for a 20 per cent cut in carbon dioxide emissions by 2010 - the sort of target demanded by environmentalists at talks in

Geneva last week. The Labour leader does not explain how he would deliver such targets but says environmental problems will call for "fine judgments".

In his quest to promote socially-benign environmental protection, Blair also promises to reverse VAT imposed on heating fuel. This was introduced, said the Conservative chancellor Norman Lamont in 1993's March Budget, to curb carbon dioxide emissions and combat global warming. Blair does not believe this to be the real purpose of a tax which hits the poor hardest. But unless Labour is prepared to embrace new eco-taxation, it is hard to see how much further it can go than the Conservatives in pursuing environmental goals.

Jonathan Porritt, one of the more pragmatic UK environmentalists, said the Labour leader's failure to tackle eco-taxation head on was the biggest disappointment of an otherwise encouraging speech. "Blair wants to have it both ways," says Wilfred Beckerman, an Oxford University economist who follows environmental issues closely.

In a clue to the party's thinking,

however, a Labour report published shortly before Blair's speech said the party would consider a tax on the depletion of natural resources.

- New economic indicators to measure environmental well-being.

This sounds good, is in need of development and presents practical problems yet to be overcome. Critics such as Beckerman doubt that national accounts can ever be reformed on environmental lines given the difficulty of attaching financial values to environmental benefits such as clean air.

Other economists are ploughing ahead with this work, including initiatives by the United Nations and the World Bank, in spite of the difficulties. The Council on Sustainable Development calls for both a reform of national accounts and the development of corporate environmental accounting practices to help companies "identify opportunities to reduce both production costs and potential environmental threats".

An important obstacle to or weakness of environmental improvements is a shortage of data and tools to measure their costs and benefits. Anything which improves such information, even if it does not translate into the overnight greening of gross national product calculations, can only sharpen environmental policy-making.

- Acknowledging and furthering a fledgling partnership between business, government and environmentalists to promote environmental values after what the president's Council described as "long years of conflict".

Both Blair and the Council reiterate what many larger companies have already discovered to be true: companies can make considerable cost savings and efficiency improvements by minimising waste and other forms of pollution.

What is less clear is how far government spending on the environment can achieve savings for society. The answer here is that it can work sometimes, as in the case of public transport highlighted by Blair. Last year a group of businesses endorsed a plan for improving public transport in London and freeing the capital of worsening congestion which costs businesses money in lost time and delayed goods. An emerging but still underused source of environmental information could be a cost-benefit analysis to measure, among other things, the costs and benefits for Londoners of cleaner air.

There is still a lot of vagueness in the UK plan, and many obstacles to carrying out the more detailed US strategy. But their common emphasis on better information, more grass roots involvement and a more constructive relationship with business set an encouraging tone for environmental policy-making in the next century.

Watson in the White House

The president's scientific adviser advocates a 'no-regrets' policy

Seventeen per cent of Bangladesh could disappear and forests could shift northwards over the next century in the nightmarish vision of Bob Watson, an Englishman in the White House.

But Watson, scientific adviser to President Bill Clinton, is prepared to admit that he and his colleagues on the International Panel for Climate Change, set up to investigate global warming on behalf of governments, could be wrong.

For this reason, Watson, who also chairs the IPCC working group on the impacts of climate change caused by greenhouse gases such as carbon dioxide trapping heat in the atmosphere, is advocating a "no-regrets" policy. This would promote measures which will benefit the environment in other ways - for instance by curbing air pollution - even if global warming turns out to be a false alarm.

He wants industry to consider ways of reducing carbon emissions in an "evolutionary" manner as they replace capital stock. "I'm not asking anyone to shut down fossil fuel plants tomorrow, but there are actions we can take which can hedge against us either overestimating or underestimating the problem," he says.

Over the next three, five or 10 years, his colleagues in the working group on the science of climate change expect to get a much better understanding of the role of oceans, volcanoes, changing sun temperatures and other variables.

The effects of a doubling of carbon dioxide concentrations over the next century, which could include a big increase in mosquito-borne diseases and killer heat waves, along with benefits such as improved agriculture in the northern hemisphere, could be lesser or greater than expected. They would take place over decades, but Watson is concerned that they will affect those countries least equipped to adjust to changes with sea-defences, better healthcare and food imports.

Environmentalists are calling for carbon emission reductions of 20 per cent from 1990 levels by 2005 while Germany has proposed a 10 per cent cut by that date and 20 per cent in 2010.

Watson says a target to reduce emissions by 10 per cent over the next 10 years would have little impact on global warming. But he believes its real benefit would be to "send a signal to the market place" to develop new technologies.

Watson argues that the most efficient way of transferring such technology would be to introduce tradeable pollution permits. This would enable western countries to get credit at home for investing in carbon-reducing technologies in countries least able to afford such investment themselves. Although backed by the US government, this idea has yet to receive the support of other industrialised nations.

The doubters emerged in force last week when officials and scientists met in Geneva to consider what action governments might take in Tokyo next year in response to the IPCC's latest findings that humans have a "discernible" responsibility for global warming.

A self-styled European Science and Environment Forum challenged what it called an "official consensus" on the science of global warming. It accused the IPCC of using "frighten-them-to-death" tactics to obtain research funds.

The International Climate Change Partnership, grouping 23 multinationals, such as Dow and DuPont, which pride themselves on their attention to the environment, accepted the existence of a threat. But they questioned the emphasis on short-term targets before scientific knowledge of the exact nature of the threat improved.

Realists would argue that since it is going to take some time for governments to agree anything substantial in next 10 years anyway, the scientists have plenty of time to come up with harder evidence.

Leyla Boulton
Frances Williams



SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

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ARTS GUIDE

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Television/Christopher Dunkley

Viewing for pleasure

A recent letter accused this column of taking television too seriously: too much about politics, current affairs and heavy-weight drama - did I not realise that most people treated the telly as a bit of a laugh? Did I never watch anything just for the fun of it, or, like other people, because I was too tired to do anything else? My reactions are mixed. British television seems to do politics, current affairs and serious drama rather well; better than television in most other countries, and that seems worth acknowledging and encouraging. At present comedy and light entertainment are not in a very bright patch, so perhaps they have been receiving less attention than usual. Soap to be ignored here for much the same reasons that the FT book reviewers ignore Mills and Bown romances.

On the other hand no one wants to be a killjoy, and the answer to the second question that people ask television critics at parties ("Can you watch anything for your own pleasure any more?") is yes. But while frivolous programmes may sometimes be the ticket, it is also possible to get pleasure from the serious. Thus, the programme which pleased me most in the past week was a repeat which I saw not for the sake of the job but because my

wife was watching it: *The Rope of Tutankhamun* on Channel 4 on Sunday afternoon. It was a *cri de coeur* from John Romer who said that most people visiting Egypt doubtless assumed that archaeologists constantly monitored the condition of temples, pyramids and so on, and would raise the alarm if damage threatened. In fact, the academics are more concerned with running museums and writing books than with conservation, and consequently the monuments of ancient Egypt are crumbling into the sand. Romer's warning was admirably clear.

Earlier in the week I watched the first episode of *Murried For Life* on ITV because it is an English format version of the American series *Married With Children* which has often made me helpless with laughter. Difficult to find because it has been shown only late at night and in limited parts of the ITV network. *Married With Children* treats political correctness, and indeed all trendy American ortho-

doxies, with contempt. Unfortunately the British version has been miscast with Russ Abbot as the shoe shop assistant. Worse, the dialogue has been emasculated. If in the American original Peggy Bundy ever asked Al in bed whether "Mr Bundy wants to visit snuggle land" it can only have been sarcastically, whereas Pam Butler in the English version was required to mean it.

Last week, as in many weeks, I watched *Top Gear* on BBC2 simply because Jeremy Clarkson's plects to camera are so amusing. The knowing post-Whicker overstatement which has become his trademark - "See how it revs! That's smoother than the liver pâté I had for lunch!" - can be enjoyed without any interest in motor cars. Oddly enough the funniest moment of the week was provided by another motoring commentator: Murray Walker. Some find the high-octane stream of sound coming from his mouth during grand prix races (not unlike the sound of

the cars themselves) somewhat wearing. I find his enthusiasm endearing. But it was not the 3.00 am live coverage of the Melbourne Grand Prix on BBC2 which supplied the funny moment, though as it happens I did watch that immediately after watching all 4½ hours of the first Saturday night *Blue Light Zone* containing nothing but police programmes. The laugh came from a commercial in which Walker follows racing driver Damon Hill into a pizza parlour, commenting loudly on his every move and every bite.

It is said that *The Blue Light Zone* was originally a joke, suggested inside Channel 4 in response to the question "What can we do after *The Red Light Zone*?" Unhappily the opening evening made that seem only too likely. The first offering, *Subway Cops And The Mole Kings*, an account of the troglodyte oddballs who live in the remote nooks and crannies of the New York subway system, was as striking as Molly Dineen's film about the

night workers on the London underground. But the rest looked like a haphazard conglomeration of repeats. Critic or not, I would have watched the 1975 episode of *The Sweeney* to check whether it was as entertaining as memory suggested (it was). However, there seemed little to be gained from the other repeats, or from the violent and third rate Hong Kong film thriller *Rock 'n' Roll Cop*.

Next day I finally found time to play the tape of the *Omnibus* obituary of Peter Cook which had been screened while I was on holiday in December but which friends had reported was funny, containing many clips, yet also sad and honest and altogether pretty good. All of which proved to be true. I also watched *Salome's Last Dance* on Channel 4 - a movie made in 1988 by Ken Russell who was one of the heroes of my youth when he was making films for *Monitor*, predecessor in *Omnibus* - and wished I had not. Russell's post-1960s career has been as disappoint-

ing as Cook's. That day I also managed to catch up on the previous two episodes of *Our Friends In The North* to be ready for the final episode on Monday.

This is another production which would have held my attention regardless of the job, though as it has progressed the development of historical events has become more interesting than that of the characters. I happen to be the same age as Nicky, Mary, Tosker and Geordie and can must have been something slightly wrong given that I felt less than them for Felix and Florrie Hutchinson. Nicky's elderly parents. Few television productions come anywhere near the ambition of *Our Friends In The North*. It contained numerous powerful sequences ranging from the Soho vice stories to the miners' strike, and creator Peter Flannery and the BBC should be saluted for seeing it through. If in the end it did not quite match the clarity of vision and the extraordinary identity of national and individual odyssey achieved in *Heimat*, it is, nevertheless, the only British series which even begins to stand comparison with that amazing German achievement.

And the first thing that people say to television critics at parties? "Of course we hardly watch any television at all these days - how can you bear it?"

Ballet Great Danes in Sylphide

Scottish Ballet's production of *La Sylphide* is over 20-years-old and none the worse for that. Indeed, at a time when producers have started revisiting Bournonville with an enthusiasm usually reserved for muddying the waters of *Swan Lake*, it is a joy to view this honourable production again. It looks as *La Sylphide* should look: simple and unpretending. It is the purity of the dance and the subtlety of the playing which make sense of its drama, not interpolations and Romantic finery.

The staging was made by that inspired Bournonvillian, Hans Brenaa. It has been revived by another great authority, Sorella Englund, and at the end of last week brought a further great Dane - Johan Kobborg ours as we watched it on Friday night in Glasgow. Scottish Ballet's artists play every role, zip and drift through every dance, with felicity. The modesty of the production allows Bournonville (and his interpreters) to speak. The sylph is the Japanese ballerina, Yurie Shinohara, who offers a sweetly phrased and buoyantly danced exposition of step and decorous pose. She hovers, and gazes so adoringly at James that he must follow her and must, tragically, desire her. My only complaint about an otherwise touching reading is that this sylph's death-scene was too agitated. Let Miss Shinohara, if she can, see film of Margrethe Schanche (most sublime of sylphs) whose death was infinitely pathetic in its simplicity.

Johan Kobborg displays every virtue of the Danish school. Bournonville said that dancing was an expression of joy, and to see Kobborg spring into the dance - impelled, it seems, by a tremendous surge of happiness - is to understand the truth of this. High-flying, cutting steps and phrases with wonderful brightness of energy, he is an ideal exponent of the role's airy shape. His acting is as yet - he is in his early 20s - more decent than inspired, but the character is true, and he will acquire that clarity of feeling (the single potent gesture) which the best Jameses have ever shown. He was at his best, emotionally, with the witch Madge - and here the evening touched greatness because Sorella Englund took the role. She is an artist of burning intensity. In earlier times she has assumed (thus do the Danes guarantee the integrity of their Bournonville heritage) character roles. Her Madge is in the finest interpretative traditions of the Royal Danish Ballet, but it explores and expands them. Englund is beautiful, and there is in this Madge some suggestion that her hatred of James is a passion corroded and turned to evil. Certainly, the



Epitome of the Bournonville style: Johan Kobborg, seen here in 'Napoli'

intense focus of Mme Englund's reading, its venomous humour and sudden towering rage are superb. This Madge is fascinating, and her power is terrifying. She yearns to her full height as she turns upon James - a striking cobra - and we know terror ourselves.

It is also an interpretation of ideal proportion: the poles of the action, the Romantic dilemma of unattainable love and the tragedy it begets, are exactly balanced. The evening, in sum was a triumph. A masterpiece of the old ballet was made true and compelling for an audience - without compromise.

To open the programme, a new ballet

from Mark Baldwin, who is now Scottish Ballet's resident choreographer. *A Fond Kiss* is set to Stravinsky's *Divertimento* from "Le Baiser de la fée". I have admired the wit and oblique skill with which Baldwin has made choreography over the past few years. His realisations of scores have seemed unexpectedly right, with a sleight of hand that pulls bouquets from the most unexpected musical hats. I supposed, at first, that his view of the divertement was equally off-beat. But the evolutions he gives a central couple and a subsidiary group of 12 dancers look cussed, as if movement in an academic style does

not come easily to him. He provides dance that seeks to be jokey and seems merely ill-at-ease. The choreography might have been intended for *Dances Concertantes*, the emotional, Tchaikovsky world of *Baiser* is lost. Receiving its second performance on Friday, the piece did not sit happily on its cast, who were in no way helped by Jacqueline Hancher's black and white outfits that aimed, unhelpfully, at "fashion".

Scottish Ballet tours this programme to Edinburgh, Aberdeen, Inverness, Newcastle and Hull, during March and April. Check on casting.

Opera in Cardiff and London Full of Italian spirit

When putting on an opera, so many disparate elements need to come right that it is always a bit of a gamble. I hesitate to use the term "lottery" - a dirty word at Welsh National Opera at the moment - but with its new production of *Cavalleria rusticana* and *Pagliacci* all the company's numbers have come up.

For all their supposed popularity *Cav* and *Pag* do not get performed that often, at least outside Italy. It is easy to see the thinking that has brought them now to WNO. The company wants to celebrate its 50th season by bringing home some of the illustrious Welsh singers who tour the world's opera-houses, first Bryn Terfel in *The Rake's Progress* and now Dennis O'Neill to double in the tenor roles of both *Cav* and *Pag* - a feat occasionally attempted by Plácido Domingo, but not often by anybody else.

For him, it will have been a strenuous evening, amply rewarded, but the sweat and toil he put into playing these verismo operas was hand-somely matched by the rest of the cast. When the WNO chorus is in the lusty form it was here, it is safe to bet the performance is going to go right. The musical director, Carlo Rizzi, seems to have instilled confidence all round and the result was a sturdily played performance, hurrying with Italian spirit - even if the orchestra did not make enough noise to fill a bigger theatre (should the Cardiff Bay Opera House ever get built).

It is worth bearing in mind that Mascagni and Leoncavallo never intended their two operas, dubbed "the heavenly twins", to be performed together. In recent years there has been a trend towards finding some link between them, but WNO's producer, Elijah Moshinsky, decided to take the opposite route and show how different they can be. For the Mascagni, he and his designer, Michael Yeargan, stuck with theatrical realism and a street in a sun-baked Sicilian village in the 1890s, where the locals squander over matters of honour and jealousy.

Then, after a 40-minute interval for dismantling the set and dumping it in the car park at

the back (the New Theatre is not exactly well equipped), the curtain rose unexpectedly on an almost empty stage. *Pagliacci* was performed with minimal scenery and maximum concentration - its period updated to the 1930s. This was a neat trick, to promise a traditional production in the first half and then make its flipside new and adventurous, which allowed Moshinsky to have his panettone and eat it. Both halves were superbly executed. In *Cav* he captured perfectly the stifling atmosphere of the small community that shuts out those it dislikes. Doors and window-shutters banged closed as Anne-Marie Owens's outcast Samizza came down the steps to the village piazza. Vocally she may not be the raw-voiced

Richard Fairman reviews 'Cav and Pag' and 'La traviata'

Italian dramatic soprano of tradition, but her generous mezzo extends to both the amplitude and the top notes for the role. Peter Sidhom, as Alfio, belted convincingly and Menai Davies's tight-lipped old Mamma Lucia added a brilliant cameo.

In *Pagliacci* the clapped-out old Ford that serves as the clowns' roving theatre drives into town with a lively band of performers, including Sidhom's leering Tonio and Rosalind Sutherland, who throws heart and soul into her portrayal of low-grade, flirty Nedda. Her duets with Jason Howard's Silvio crackled with sexuality, not least because Sutherland's soprano goes into overdrive whenever it heads above the stage. Moshinsky manages the clowns' knife-edge interplay between comedy and tragedy brilliantly.

In this company Dennis O'Neill was first among equals. For once the two tenor roles genuinely seemed to be different people: his Turiddu in *Cav* was a careless cad, his Canio in *Pag* a loving husband under stress being driven to the bottle, and in both he gave generously of himself, as always. The *Pagliacci*, in particular, is a strong show: if WNO's own

roving troupe of players is coming to your town, be sure to book a seat now.

In between his performances of *Cav* and *Pag* for WNO Carlo Rizzi is finding the time to dash back and forth for a simultaneous run of *La traviata* at Covent Garden. It would be easy - but untrue - to accuse him thereby of selling one or other company short. The opening night of the Verdi on Monday sounded well prepared, even if Rizzi's conducting is inclined to skate precipitately across the surface of the music.

His singers sound hustled, but are light and agile enough to keep up. And, as for the last summer's *Violetta* at the Salzburg festival, makes an apt match for Rizzi. Her soprano makes up in penetration what it lacks in size. The fast vibrato is not unattractive and, pushed to her limit, she has the hard-edged brilliance of a cascade of diamonds. What she lacks is depth of tone, with commensurate depth of character. It is possible to imagine Ros as a *Cilda* of simple, unblemished purity, but *Violetta* has lived and experienced so much more, which one hopes to hear reflected in the singing.

The attraction of this cast is the freshness of young love. Ros's girlish *Violetta* has an unaffected young suitor in Ramon Vargas, who would rather stand around looking touchingly lost on stage than going through the practised routines. He wisely does not press his warm lyric tenor and sings with affection and just a touch of individuality, a welcome house debut. Carlos Alvarez reveals a fine Verdi baritone, both noble and even, as Giorgio Germont, but keeps any strong feelings he may have about the role to himself. The smaller roles offer a representative sample of English voices and accents. With Richard Eyre's production still as impressive visually as when it was new, everything looks good.

WNO on tour at the Bristol Hippodrome this week, then in London at the Royal Opera House March 20 to 22. Sponsored by The Friends of WNO. Performances of 'La traviata' continue in repertory at Covent Garden until March 29.

INTERNATIONAL ARTS GUIDE

AMSTERDAM
CONCERT
Beurs van Berlage
Tel: 31-20-6271151
● Karin Lechner: the pianist performs works by Ravel, De Falla and Granados; 2.15pm; Mar 17
Concertgebouw
Tel: 31-20-5730573
● Sumiko Nagako: the pianist performs works by Mozart, Beethoven, Debussy and R. Schumann; 8.15pm; Mar 16

BERLIN
CONCERT
Konzerthaus
Tel: 49-30-203082100/61
● Ensemble United Berlin: perform works by Webern and Tuxte; 7.30pm; Mar 16
Deutsche Oper Berlin
Tel: 49-30-3438401
● Der fliegende Holländer: by Wagner. Conducted by Sebastian Lang-Lessing and performed by the Deutsche Oper Berlin. Soloists

include Bengt Rundgren, Julia Varady and Gard Brenneis; 7.30pm; Mar 16

BRUSSELS
CONCERT
Théâtre Royal de la Monnaie
Tel: 32-2-2291200
● Thomas Mohr: accompanied by pianist Thomas Palm. The baritone performs songs by Grieg, R. Schumann, Brahms, R. Strauss and Wolf; 8pm; Mar 15

CHICAGO
OPERA
Civic Opera House & Civic Theatre
Tel: 1-312-332-2244
● Götterdämmerung: by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago. Soloists include Eva Marton, Sigfried Jerusalem, Matti Salminen and Alan Held; 5.30pm; Mar 16

COLOGNE
CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Gidon Kremer, Mischa Maisky and Valery Afanassiev: the violinist, cellist and pianist perform works by Shostakovich; 8pm; Mar 14
DANCE
Opernhaus Tel: 49-221-2218240
● Goya: a choreography by Jochen

Lirich to music by Bo Vespersandöck; performed by the Tanz-Forum Köln; 7.30pm; Mar 14

DRESDEN
DANCE
Sächsische Staatsoper Dresden
Tel: 49-351-49110
● Romeo und Julia: a choreography by Thessa to music by Prokofiev, performed by the Ballet Dresden; 7pm; Mar 15, 16

GHENT
EXHIBITION
Museum voor Sierkunst
Tel: 32-9-2256678
● Deense Keramiek: exhibition of Danish ceramics from the collection of the Museum Boymans-van Beuningen in Rotterdam and a private collection; from Mar 15 to May 5

HAMBURG
OPERA
Hamburgische Staatsoper
Tel: 49-40-351721
● Der Wildschütz: by Lortzing. Conducted by Gregor Bühl and performed by the Hamburg Oper. Soloists include Klaus Häger, Peter Galliard and Gabriele Rossmann; 7.30pm; Mar 14, 16

LONDON
CONCERT
Barbican Hall Tel: 44-171-6386891
● The Mozart Festival Orchestra: with conductor Ian Watson, violinist Anthony Manwood and trumpeter Crispian Steele Perkins perform works by J. S. Bach, Albinoni,

Pachelbel, Vivaldi and Handel; 8pm; Mar 18
EXHIBITION
Tate Gallery Tel: 44-171-8875000
● Colin Self: exhibition surveying the work of this British artist, one of the founders of Pop Art; to Mar 17

LOS ANGELES
EXHIBITION
Los Angeles County Museum of Art Tel: 1-213-857-6000
● American Paintings in Southern California Collections: this exhibition celebrates the taste and foresight of local collectors of American art with 75 paintings spanning 150 years; from Mar 17 to May 26

MAASTRICHT
ART & ANTIQUE FAIR
MECC Tel: 31-43-3538383
● The European Fine Art Fair: more than 180 art dealers from Europe, the United States and Hong Kong present highlights of their collection; to Mar 17

NEW YORK
CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Paul Groves: accompanied by pianist James Levine. The tenor performs songs by Bellini, Debussy and R. Schumann; 8pm; Mar 17
Carnegie Hall Tel: 1-212-247-7800
● Bruce Ford: accompanied by pianist Warren Jones. The tenor performs songs by Bellini, Beethoven, Britten, Duparc and Rossini; 8pm; Mar 15
● The New York Pops: with music director Skitch Henderson and The Blue Hill Troupe, Inc.

psy tribute to Gilbert and Sullivan; 8pm; Mar 15
The Metropolitan Museum of Art Tel: 1-212-879-5500
● Juilliard String Quartet: perform works by Beethoven; 8pm; Mar 15

OSLO
OPERA
Norske Opera Tel: 47-22-429475
● Mysteries: by Kvandal. Conducted by Kjell Ingebreitson and performed by the Norwegian National Opera; 7pm; Mar 14

PARIS
OPERA
Théâtre du Châtelet
Tel: 33-1-42 33 00 00
● Don Carlos: by Verdi. Conducted by Antonio Pappano and performed by the Opéra de Châtelet; 6.30pm; Mar 16

ROME
CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● L'Incoronazione Veneziana del 1505: by Gabrieli. Performed by the Gabrieli Consort & Players; 8.45pm; Mar 17

STOCKHOLM
OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7814300
● La Traviata: by Verdi. Conducted by Kjell Ingebreitson and performed by the Royal Opera Stockholm; 7.30pm; Mar 15

VIENNA
CONCERT
Konzerthaus Tel: 43-1-712111
● Ernst Kovacic and Thomas Larcher: the violinist and the pianist perform works by Neuwirth, Carna, Krenek, Arthel and Hertzell; 7.30pm; Mar 17
Musikverein Tel: 43-1-5058681
● Heinrich Schiff: the cellist performs suites by J. S. Bach; 7.30pm; Mar 17

performed by the Opéra di Roma; 8.30pm; Mar 14, 18 (6pm), 19

WASHINGTON
MUSICAL
Ford's Theatre Tel: 1-202-347-4833
● The Fantasticks: by Tom Jones, with music by Harvey Schmidt. Directed by Michael Raliford. The cast includes Joe Sears, Jason Williams, Mark Aldrich, Kevin Bailey and Julian Brightman; Tue to Sun 7.30pm, Thu also 1pm, Sun also 3pm; from Mar 16 to Jun 30 (not Mon)

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Financial Times Business Tonight

As foreign exchange turnover grows profits are under pressure, says Philip Gawith

More trade means less enjoyment

The dramatic growth in the world's foreign exchange markets continues unabated. Turnover grew by 13.2 per cent a year in the three years to April 1995, according to the Basle-based Bank for International Settlements, reaching \$1,530bn (\$504bn) a day.

But results released over the past month by the leading foreign exchange banks in the US and Europe show that profits have failed to grow commensurately. While the figures are better than those for 1994, they have yet to return to the levels achieved in 1993.

With increasingly stringent capital adequacy requirements set by the BIS, banks must now set aside more capital to cover the risk of losses. Foreign exchange managers have therefore been forced to start focusing on the capital they use and shift the emphasis from revenues to returns.

It is a case of "trading more, enjoying it less," says Mr John Leonard, banking analyst at Salomon Brothers in London.

The steady growth in foreign exchange turnover reflects the relentless growth in world trade and huge movements of capital fuelled by the ending of exchange controls and increased cross-border investment. Businesses are also making greater use of foreign exchange markets to reduce their exposure to volatile foreign exchange rates, while the increased activities of US investment banks and hedge funds is contributing to the growth of the market.

Although none of these trends looks likely to be reversed, banks involved in foreign exchange dealings are under pressure in the three main sectors: customer business, marketmaking and proprietary trading.

On customer business - where the banks are providing services for customers with cross-border trade or investment - margins are under pressure as new entrants try to win a share of the market.

Some, like Deutsche Bank, are seeking to develop a foreign exchange business to complement other services such as investment banking and fund management. US investment banks such as Merrill Lynch are keen to get a stake in foreign exchange where commercial banks are dominant.

Increased competition is also

eroding margins in marketmaking, where cheaper technology now allows information to be shared more widely. If every dealer has much of the same information at the same time, there are fewer profitable trading opportunities.

The pressure on margins has also intensified with the advent of electronic broking, which allows small banks that previously traded in foreign exchange through larger banks to trade directly.

"There was always a risk that success was going to backfire on us, and it has," says the head of foreign exchange at one of the banks which has sponsored EBS, a successful electronic broking system.

On proprietary trading, opportunities for windfall profits have also become fewer - particularly as European governments have removed the sitting targets presented by the European exchange rate mechanism when currencies had to be maintained within narrow bands. Speculators could make money by forcing central banks to defend currencies that were believed to be overvalued - as they did during the 1992-93 crises. ERM exchange rates can now fluctuate either side of the central rate by up to 15 per cent before central banks intervene.

"Central banks were paying the speculators to try and hold exchange rates at levels that were unsustainable," says Mr Paul Winchester of NatWest Markets. "Markets made money, and the central banks paid for it."

In Europe and elsewhere, central banks have also made clear their commitment to reducing exchange rate volatility. This has been partly achieved through increased economic convergence between leading industrial countries, leaving fewer stresses on

exchange rates for traders to exploit.

Even when central banks have decided to defend currencies, they have been more adept. In 1995, for example, the US Treasury waited until the dollar had stopped falling before intervening to support it.

"Central banks have got back in control," says Mr David Adamson, head of global foreign exchange at Chase in London. "They are taking back what they lost in 1993. If central banks are taking, someone else is losing."

Old hands also say that increasingly quick and sophisticated markets mean fewer trading opportunities. "It's like football," says Mr Rob Loewy, head of foreign exchange at HSBC Markets in London. "In the old days games used to end 5-4, with lots of opportunities. Now you are lucky if you get a 1-0 result."

Trading opportunities remain - huge sums, for example, were lost and won as the dollar first fell, then recovered, sharply against the yen during 1994-95. But the appetite to risk large sums of capital pursuing such opportunities is almost certainly not what it was back in 1993.

The banks have responded to the tougher operating environment in several ways. One is consolidation. Rationalisation of foreign exchange trading to share overheads has formed an important part of larger banking mergers, such as those between HSBC and Midland and Chase Manhattan and Chemical Bank.

This process has been encouraged by the trend among large customers to reduce sharply the number of banks they use. One of the largest UK companies, for example, has cut the number of banks it uses for foreign exchange from 50 to around 20.

This makes it increasingly important for banks to make it into the "first division". Those outside this top group are increasingly feeling the squeeze, often being forced to pare their global ambitions.

A second response to tougher trading conditions has been to work harder to develop a strong customer base. This means, for example, having suitable expertise in products such as options and other derivatives. It also means tailoring products to customers' needs.

"In order to build a successful foreign exchange business, you have got to add value for your clients," says Mr Julian Simmonds, head of global foreign exchange at Citibank, the largest foreign exchange bank in the world.

A third response is to centralise foreign exchange trading in a few centres, with hubs in each of the three main time zones: the US, Europe and the Far East. This saves on costs, while also providing a flow of information from around the world which generates proprietary trading opportunities. Other offices are relegated to making prices only in the domestic currency of the country they are in, with other prices set in the regional hub.

Finally, growth in global trade and capital flows has led to a natural increase in emerging market currency activity, where better margins are often still available to banks. Mr Loewy estimates that about 10 per cent of his London dealing room is now devoted to emerging market currencies - up from 1 per cent two years ago.

On the consequence of concentration in the industry has been a loss of liquidity in the market - the ability to transact sizeable volumes without moving the price significantly.

"The maximum amount you can do at any one time is less than it was," says Mr Loewy of HSBC. "There is not the spread of houses that you can call."

Declining corporate activity has also been a contributing factor. A recent survey by Greenwich Associates, a US financial markets consultancy, found that the foreign exchange trading volume of the typical North American company fell by nearly 15 per cent between 1994 and 1995.

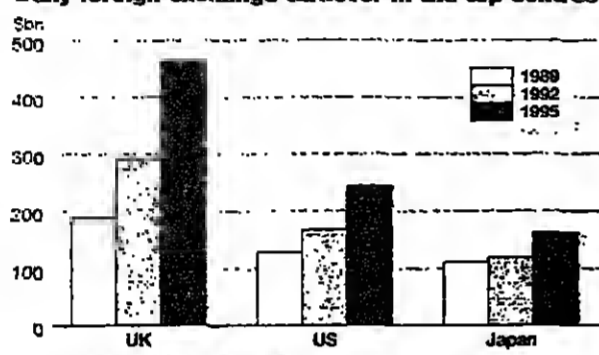
"Much greater depth of understanding is required to make money than in the 1980s," says Mr Loewy. "The market is simply more competitive and efficient. A lot more toil is involved."

Foreign exchange revenue

US dollar equivalent (\$m)	1991	1992	1993	1994	1995
Barclays	394	510	287	136	205
HSBC Holdings	528	678	668	825	572
NatWest	239	457	359	266	379
UBS	545	641	615	622	466
BankAmerica	246	300	298	237	303
Chase	215	327	356	290	241
Chemical	289	476	468	222	280
Citibank	708	1,006	985	573	1,063
J.P. Morgan	85	262	179	131	163

Source: Salomon Brothers, FT

Daily foreign exchange turnover in the top centres



Source: Bank for International Settlements

Endowed with too much controversy

Businesses wishing to sponsor higher education can face questions on how money was raised



Sheehy: BAT sponsoring chair

Universities are under pressure from the government to raise a much greater share of their funds from industry and the private sector. But there may be limits, as both Oxford and Cambridge have discovered in the last month.

Both have provoked furious disension by endorsing professorships in the name of generous but controversial businessmen. In both cases, the decisions have been challenged on ethical grounds, throwing a spotlight on how the businesses had raised their money.

At Oxford, the storm has been stirred up by a proposal to endow a Professorship of European Thought at Balliol College in the name of Dr Gert-Rudolph Flick, grandson of Friedrich Flick, a Nazi arms manufacturer. The university appointed an ethics committee to conduct a nine-month investigation into Dr Flick's wealth, and concluded that the funds had not been derived from the profits made by his grandfather.

It did, however, re-name the professorship. Originally to be called the Flick professorship, it is now named after Gert-Rudolph. Beyond that, the university said yesterday it had no intention of withdrawing the professorship.

Mr David Selbourne, a political theorist and Balliol graduate, has taken the lead in opposing the professorship, calling for the college to have the "moral courage" to reject the endowment. "Respect for the shades of Friedrich Flick's slave labourers - of whom tens of thousands died - demands no less," he says.

At the forefront of those defending the chair is Lord Weidenfeld, the publisher who is a survivor of the Holocaust. Having played a part in attracting the funding, he says it would be unfair to ostracise Gert-Rudolph on

account of the sins of his forefathers.

Oxford has had several such controversies in recent years. A Robert Maxwell fellowship at Balliol attracted adverse comment after the controversial millionaire publisher disappeared.

Student sensibilities were also offended by the university's Rupert Murdoch professorship in media studies, launched three years ago.

But Cambridge has also touched a similar nerve with the announcement last week of its new Sir Patrick Sheehy Professorship of International Relations. BAT Industries, the tobacco conglomerate which Sir Patrick chaired until the end of last year, is sponsoring the chair as part of its £3m annual education budget.

Sir David Williams, Cambridge vice-chancellor, said he was "delighted" to honour Sir Patrick who had "made an outstanding contribution in the field of international relations". But others were more concerned by Sir Patrick's contribution to tobacco sales.

The Association of Public Health, which represents professionals in the National Health Service, said Cambridge had "destroyed its reputation as a serious centre of medical excellence by associating itself in this way with tobacco - the most dangerous product ever invented for peacetime use".

Suggesting that the university would next honour the leader of a Colombian cocaine

cartel, the association added: "No serious student of medicine will want to join a university which is now forever linked with a product which causes one in three of all cancer deaths in the UK."

Incidents like this are likely to become more frequent in future, as universities' reliance on private income grows. Most universities now have specialist departments dedicated to attracting private funding, in an attempt to ensure some immunity from the government's tightening funding regime.

Mr Patrick Goldstream, of the Committee for Industry and Higher Education, a body that brings together business executives and university vice-chancellors, estimates that total direct spending by industry on universities is now running at about £250m each year. It is back to record levels after dipping during the early years of the recession.

Ten years ago, a large proportion of business support for higher education was paid directly to students in bursaries from individual employers. But the emphasis has now switched to research funding, including an increasing share for "contract research", where universities undertake a specific commission for a company.

However, it is noticeable that business sponsorship no longer seems to stir passions among students. The National Union of Students says it would prefer all funding to come from the government "in an ideal world", but acknowledges that students are "too worried about their own finances" to engage heavily in the debate.

But the danger that an endowment will draw the limelight onto corporate activities is unlikely to encourage corporate generosity. The fact that the anger is more likely to come from alumni and professionals with an axe to grind than idealistic young students only adds to the donor's dilemma.

John Authers

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL. We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fine"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Misguided exchange rate policy

From Mr Steve H. Hanke, professor of applied economics, The Johns Hopkins University, Baltimore, Maryland, US.

Sir, Mr John Barham's informative account of the ambitious economic goals presented by Turkey's new government ("Turks Await Financial Miracle", March 6) fails to mention the Achilles' heel of the Turkish strategy.

The government has stated that it wants to follow a so-called "realistic exchange rate policy" in which the depreciation of the lira is kept in line with inflation.

A policy of managing the lira's exchange rate in order to stabilise the real exchange rate is misguided, in principle.

The real exchange rate cannot be targeted with monetary policy, because it is a real and not a nominal variable.

As a practical matter, the Turks should know this. Indeed, they attempted real exchange rate targeting from January to September 1996, with disastrous results.

Valuable support for Ukraine

From Mr Luis Marco, CEO, Secofisa, Madrid.

Sir, in his personal view ("Behind The New Iron Curtain Of Europe", January 23) Dr Anders Aslund deplors "how little the EU has contributed to the stabilisation process [of the Ukrainian economy]... EU ministers... are bogged down in bureaucratic decision making and... collective parochialism... [and the EU is] an example to justify protectionism, regulations and subsidies".

He then sweepingly dismisses EU's assistance to Ukraine through Tacis (Ecu2m in 1996) as "ungenerous" and "spent on consultants... [whose] nationality is far more important than what they achieve".

I should have expected someone from the European Council and the European Commission to take the floor and point out that EU countries contribute more than 25 per cent to the subscribed and disbursed capitals of IMF and International Bank for Reconstruction and Development ("serious donors", according to Dr Aslund), and more than 50 per cent (jointly with the European Commission and the European Investment Bank) to the European Bank for Reconstruction and Development's equity, which are the instrumental tools in assisting Ukraine through grants, equity and corporate and project financing.

The Commission is also supporting Ukraine's balance of payments, although not as much as US financiers would like.

Although I could point to more than a couple of unmitigated disasters in assistance from the EU, the main point of Tacis, the largest (together with Phare) technical-assistance programme in the history of international co-operation, is its immense value at opening

trade and establishing links with the Ukrainian government, parliament, economic operators and opinion leaders, not to mention efforts in the transport and energy sectors, including in the Chernobyl decommissioning and funding alternative power stations.

Ukrainian progress, and that of western businesses in Ukraine, would be unthinkable without EU's ongoing support.

As for the show business of EU ministers, I recognise that Europeans are not as good as ministers from other areas.

Finally, Dr Aslund is quoted by Mr John Thornhill ("Vote-hungry Yeltsin talks tough on tariffs", March 6) as saying that, "in the case of alcohol, there is clearly a good argument for raising import tariffs [in Russia]".

I believe Dr Aslund is rightly protectionist on vodka.

Important European issues at stake

From Mr John Parfitt, St Andrews, New St, Glos GL6 6UN, UK.

That we have left it so late. For Mr Stephens to dismiss those who doubt the benefits of such ties as a "barney army of anti-Europeans" debases the language and is surely unworthy of a newspaper record. Should do better I think.

Foolish to forego benefits of intra-EU exchange rates

From Mr David Boal, Primrose Ridge, Surrey, UK.

Sir, Sixten Korkman makes a laudable attempt at a balanced assessment of the case for a single EU currency ("A More Balanced Picture", March 6). However, he fails to realise fully the significance of his admission that "some countries... might want to remain outside [the currency union] until they have become more integrated into the European economy and increased the flexibility of their labour markets".

If we had an EU single currency zone then goods prices, wages, proper rents and the return on capital would continue to vary regionally as they do in that regionally diverse single currency zone. The US, the American comparison is instructive: because there are no intra-US exchange rates to allocate resources among regions, the resources must move to exploit regional price differences. Hence mobility of labour is an important condition for efficient resource allocation.

In the US, labour mobility is facilitated by common language, culture and legal systems, and a single nationality. Europe lacks these, hence - except among a multi-lingual elite - the EU doesn't have a functional single labour market.

This is why intra-EU exchange rates are beneficial and not just for "peripheral" economies: the persistence of high unemployment in France suggests that "core" EU economies also suffer from the inflexible labour markets which Sixten Korkman accepts are an impediment to Euro membership. Flexible intra-EU exchange rates remain necessary to offset not just "asymmetric shocks" but also the changing pattern of geographical advantage or the tendency of national governments to subsidise inefficient enterprises.

If we stop these exchange rates operating, then, because our labour forces are not mobile, there will be a welfare loss: unemployment will tend to rise and persist in particular regions; to prevent this, or pay for it without higher budget deficits, state subsidies or taxes will have to rise.

Of course, we can continue to work toward the ideals of a single nationality and a single labour market in the EU. But until French farmers are willing to re-train for electronics assembly in Ireland or unemployed Spanish car workers are willing to move to Japanese firms in England, we would be foolish to forego the benefits of a system of flexible intra-EU exchange rates.

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Mr M EU tiger

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Wednesday March 13 1996

Mr Major's EU tightrope

Yesterday's white paper on the UK approach to European Union reforms says more about the government's domestic dilemma than it does about the real needs of an enlarged EU in the next century. This was inevitable, given the Conservatives' water-tight majority and the stridency of the Eurosceptical camp. But within those constraints, the government has done as good a job as it can of identifying its priorities at the intergovernmental conference.

Mr John Major's room for manoeuvre, and indeed his bargaining strength at the European table, has been squeezed by pressure from those Tories who want nothing less than a substantial travelling of the Maastricht treaty.

Bold moves in the other direction, such as extending the competence of EU institutions to foreign and home affairs, were never likely to feature on the British agenda because Tory and Labour alike oppose them. But a more confident UK government would be hinting that in return for some flexibility by its partners, London might soften its position on majority voting - for example, by abandoning the veto in relatively uncontroversial areas like research. Yet for domestic reasons, Mr Major has been obliged to rule this out in advance.

Precisely because it cannot offer much in exchange, the government has been forced to keep its own demands on its European partners to the minimum. But some of the proposals in the white paper are reasonable ones.

Domestic lobbies

In calling for some limit to the retroactive effect of decisions by the European Court, the government has common sense on its side. The same applies to its suggestion that a distinction be made between manifest violations of European law, and unintentional infringements that were committed in good faith. Such proposals may in the longer term serve to enhance the tribunal's credibility.

Two of the paper's proposals reflect the concerns of domestic lobbies: the call for treaty amendments to uphold animal welfare, and "if needed" to change the fisheries policy. These are precisely

the sort of aspirations that a secure and flexible UK government could pursue more easily than a severely constrained one; as things stand, Mr Major will have to count on his EU partners to show understanding of his domestic problems.

For a document so carefully crafted, the white paper seems short on proposals for preparing the EU to incorporate new members, which is one of the main stated purposes of the IGC. On key institutional questions such as reforming the Commission and the EU presidency, the paper merely sketches out some options. But on inspection, it does deal with two problems which enlargement poses.

Voting weights

It repeats earlier calls for a revision of voting weights in favour of larger states, and it suggests that the principle of subsidiarity be further entrenched in the treaty. These are both questions which have to be addressed before the EU's heavyweight members can accept the dilution of their own power which expansion would otherwise portend.

By concentrating on these modest proposals, the government hopes to limit the scope of the IGC, avoid a row with its EU partners and ensure its own survival until next year. But its prospects for success on the second and third fronts remain doubtful.

The government can claim with some justification that since 1991, when the IGC was conceived, both France and Germany have bowed to their short-term aims. But it remains the case that French and German ideas about the EU's long-term future are sharply at odds with those of Britain. It is hard to predict whether this gap will widen or narrow over time; this will depend, among other things, on the success or failure of monetary union.

But if, as seems likely, the UK vision of Europe continues to differ fundamentally from that of its partners, then yesterday's white paper was merely one more step along a tightrope from which the government is bound, sooner or later, to fall.

Germany is not working

When Germany catches a cold, the whole of Europe sneezes. This winter, Germany has caught a severe chill. This does more than pose a challenge to the country's policymakers, businesses and trade unions. It also jeopardises plans for starting European economic and monetary union in 1999.

On a seasonally unadjusted basis, unemployment reached a record level of 4.3m or 11.1 per cent of the labour force last month. But the truth is worse than this. With a further 1.5m people kept off the register by early retirement, short-time working and similar expedients, Germany's overall unemployment is close to 15 per cent of the labour force.

In the fourth quarter of 1995, GDP shrank by 0.4 per cent year-on-year. Unfortunately, the economy may shrink further in the first quarter of this year. It would then be in recession on one standard measure: that of two successive quarters of negative economic growth.

Mr Günter Rexrodt, the economics minister, did insist last week that "there is no question of a slide into recession or zero growth this year." He could well be proved wrong, and even he admits "will not be sufficient for a fundamental improvement in the labour market".

Industry worse

To appreciate the state of the German economy, it is necessary to step back a little. GDP rose by only 5.4 per cent between the second quarter of 1991 and the last quarter of 1995. The performance of industry, the motor of the economy, has been markedly worse, with output 7 per cent lower in January than five years before. Since manufacturing generates 35 per cent of employment, an exceptionally high share for an advanced industrial country, it is hardly surprising that the employment record has been poor.

What lies behind the abortion of the recovery of 1994 and early 1995? A part of the explanation must be the strength of the D-Mark, itself partly a consequence of the unintended tightness of monetary policy between

mid-1994 and mid-1995. Between December 1994 and April 1995 the Bank of England's measure of the nominal effective exchange rate appreciated by 6.6 per cent. Since April, however, it has depreciated once more, by 2.5 per cent.

To help ease monetary conditions, the Bundesbank has lowered interest rates fairly aggressively since late 1994, reducing its repurchase (or "repo") rate from 4.85 to 3.3 per cent. This has, in turn, helped generate renewed growth in broad money (M3), which expanded at an annualised rate of 5% per cent between July and December 1995. Since inflation is now running below the Bundesbank's target rate of 2 per cent, it is no obstacle to further easing. The behaviour of longer-term interest rates could well be, however: the yield on ten-year bonds has risen from 5.8 per cent to 6.6 per cent since mid-January.

Structural problem

Yet it would be quite wrong to focus only on counter-cyclical policy since Germany has a serious structural problem as well. The principal response has been the government's 50-point employment programme, which embodies a series of supply-side reforms, including deregulation, reform of corporate taxation and incentives for company start-ups. It also aims to price workers into jobs by reducing high, non-wage labour costs, such as social security contributions, generous holidays and generous sickness pay. It is questionable whether this is radical enough. It may also not be enacted.

Yet if Germany is not able to secure rapid growth and lower unemployment quite soon, it will fail to meet the Maastricht treaty requirement of a general government fiscal deficit of 3 per cent of GDP this year, or in 1997, at least without further fiscal measures. It would then be forced either to rule itself out of Euro or to agree to a loosening of the fiscal criteria that it has itself insisted on.

What is happening now to the German economy poses more than a purely economic challenge. If performance does not improve, Mr Helmut Kohl will find his European dream punctured by his own country's economic failings.

A marriage of convenience

Turkey's new government has a shaky parliamentary base and may not be able to tackle urgent reforms, says Edward Mortimer

As of yesterday, Turkey at last has a government enjoying the confidence of its new parliament, elected on December 24. It brings together the country's two main centre-right or liberal-conservative parties: the True Path Party (DYP) led by Mrs Tansu Çiller, the outgoing prime minister, and the Motherland Party (ANAP) of Mr Mesut Yılmaz, who takes her place until the end of this year.

Such a coalition has been strongly desired by Turkey's business elite, and its western allies, since the election in 1991 left neither party with an overall majority. Unhappily, it may have come too late. Had it been formed at any time between 1991 and 1995, it would have had a comfortable majority. Now it is a minority government. Yesterday's vote in parliament passed only thanks to the abstention of the party led by Mr Bülent Ecevit, the veteran leftwing leader.

Mr Ecevit explains that he wanted to avert two other outcomes: a prolonging of the crisis "when the country is beset by very urgent internal and external problems"; or the formation of a government headed by the Islamic populist Welfare (Refah) party. It emerged from the election as Turkey's largest, with 21 per cent of the popular vote; and in mid-February its leader, Mr Necmettin Erbakan, appeared close to agreement on a coalition with Mr Yılmaz.

Mr Ecevit's fears that such a government would gravely endanger Turkey's secular tradition are shared by the "great majority" of Turkish people, he claims.

But, he adds, his agreement to abstain is "not binding in future". "We shall fulfil our obligations as an opposition party." According to one of his advisers, the party has agreed to abstain in further votes this year "unless any draft law goes against our principles".

This does not augur well for reform of the ruinously expensive social security system, which Mrs Çiller says is "a must" if the economic reform programme she started is to be completed. Nor does it offer any guarantee that the new government can survive beyond the end of the year, when Mrs Çiller is supposed to resume the premiership. The agreement purports to run for a full five years, with Mr Yılmaz returning to office in 1999 and an unnamed DYP member - not Mrs Çiller - taking over for the run-up to the next election in 2000. But few people outside the leaders' immediate circle even pretend to believe it will last that long.

The two parties have almost identical economic programmes, committed to an open economy and a drastically slimmed public sector. But they have been bitter rivals since the DYP emerged in the mid-1980s as a vehicle for the comeback of Mr Süleyman Demirel, the conservative prime minister deposed by the 1980 military coup.

Mr Demirel could not forgive Anap's founder, the late Turgut Özal, for exploiting the coup's aftermath to build a new conservative party and seize the premiership.

Mr Özal became president in 1989, but Mr Demirel came back as prime minister in 1991 and has been president since Mr Özal's death in 1993. Their rivalry was inherited by Mrs Çiller and Mr Yılmaz, who until three weeks ago were exchanging vicious public insults. And the animosity extends further down in



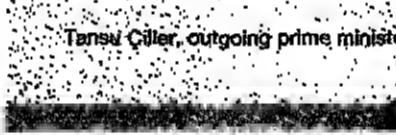
Mesut Yılmaz



Bülent Ecevit



Necmettin Erbakan



Tansu Çiller, outgoing prime minister



both parties. Many Anap members remain bitter about the hounding of some of their ministers on corruption charges by the DYP after the change of government in 1991, and had looked forward to repaying Mrs Çiller in kind. Eighty per cent of Anap MPs, according to one estimate, are unhappy at being forced into partnership with former foes.

Many would have preferred a coalition with Refah, which has gained a reputation for efficient administration in the city halls it captured two years ago, including Ankara and Istanbul. Few like Mr Erbakan's economic proposals - which include a single currency for the Muslim world, the "Islamic dinar" - very seriously, but many Anap members would not have minded him as a coalition partner, provided the economic ministries were kept out of his hands.

"Many Anap voters are very close to Refah," claims Mr Abdullah Gül, a leading Refah MP. "From the outside, Anap may look like a liberal party, but it's really a conservative one." He means "conservative" in a social sense, implying respect for

Islamic tradition, or "family values". In Mr Demirel's time, the DYP was seen as conservative in this sense, but Mrs Çiller, as Turkey's first woman prime minister, has given it a more "liberal" image - modern, urban and socially emancipated. Many educated women voted for her because they saw her as a bulwark against Islamic reaction.

But "conservative" can also mean faithful to the statist, secular tradition established by the founder of the republic, Mustafa Kemal Atatürk. In that context, "liberal" means pluralist or tolerant of divergences, including those in an Islamic direction.

In this sense, Anap is more liberal than the DYP. Turgut Özal, especially in his last years, encouraged debate on formerly taboo subjects such as the role of the military, the virtues of the later Ottoman empire, and the existence of a Kurdish identity.

Until recently, Mr Yılmaz was seen as not living up to this legacy.

He was much more "conservative", meaning respectful of state ideology and institutions. But he is now showing a more "liberal" side. His willingness to explore a coalition with Refah could be seen in that light, though in the end he abandoned it under pressure from business leaders, the media and almost certainly - though no politician will admit it - from the armed forces.

Some Anap members, such as Mr Abdülkadir Aksu, the most prominent Kurd in the new government, say Refah would have been an easier partner in the search for a solution to the 12-year-old war in the south-east against the Kurdish Workers' Party (PKK). Mr Aksu is now minister of state in charge of GAP, the \$2.5bn hydroelectric and irrigation scheme which is supposed to be transforming the arid south-east's economic fortunes. But he believes the campaign to win Kurdish hearts and minds should also include cultural measures such as allowing education and TV broadcasts in the Kurdish language.

In a newspaper interview last week, Mr Yılmaz said he was plan-

ning such measures. But they were conspicuously absent from the new government's programme, and will not easily win consensus in a cabinet that includes Mr Mehmet Ağar, a former police chief, as minister of justice, and Mr Unal Erkan, former "supergovernor" of the south-east, as a minister of state. They will be firmly opposed, too, by President Demirel, who told the last week he would challenge any attempt to change the law on this point in the constitutional court: "I am here to defend the unity of the country".

Mrs Çiller, interviewed at the weekend, said cautiously that any such measures "must be on an individual not a regional basis", and must benefit all ethnic groups equally. She also claimed the war in the south-east had been effectively won, and the PKK had withdrawn into northern Iraq because they had no support among the population.

That sounds grotesque to anyone who has actually visited the population. Earlier the same day I had been listening, in a filthy shantytown on the outskirts of Diyarbakir, to the complaints of people whose village had been burnt by the Turkish army after they fled from it, refusing conscription as "village guards". They had no work, no electricity, and only a standpipe in the street for running water. And there are many thousands like them.

The PKK, these people told me, was "fighting for the rights of the Kurds - and we are Kurds here". They did not want a "separate Kurdistan" but their rights as Kurds within Turkey, including a Kurdish TV channel. Nor did they have any quarrel with the PKK's methods, officially described as "terrorist". They blamed everything on the government and army, which Mr Demirel insists is "protecting" them.

Two days earlier, in a dingy courtroom in Istanbul, I had listened to Yaşar Kemal, Turkey's most famous writer, also of Kurdish origin, insisting on his right "not to use the state terminology". He described the PKK as "guerrillas", and accused the state of fighting them with methods worse than those used by Hitler against the French Resistance.

Despite the prosecutor's demand for an acquittal, the state security court gave Mr Kemal a 20-month suspended sentence for "inciting the people to hatred and enmity and making separatist propaganda". Mr Yılmaz apparently took this verdict, on the day he took office as prime minister, as a direct challenge to his authority.

"Yaşar Kemal is an old friend of mine," he told parliament on Sunday. "I know that he does not harbour bad intentions, such as the breaking-up of our country. If a particular law has caused him to be convicted, then that law needs to be reviewed again by the Assembly."

But can Mr Yılmaz persuade his coalition partners to vote for a further change in such laws, already modified last year to help secure the European Parliament's consent to the EU-Turkey customs union? It is far from certain. And it is even less likely he will dare confront the ultimate taboo, by taking up the PKK's offer of talks.

Yet such talks were suggested a year ago by Mr Korkut Özal, the late president's brother, who is now a senator and much respected Anap MP. And he is encouraged by the distance Mr Yılmaz has already moved towards his position.

Attitudes are changing at last, he says, "after so much bloodshed and - I'm sorry to say it - after we destroyed the area".

OBSERVER

The good ole' boys team up

Trust the Teamsters to get nasty. Weaving its pension fund, has the US trade union has just put out a list of what it reckons are America's least valuable company directors.

Top of the list is Frank Carlucci, Ronald Reagan's one-time defence secretary. Carlucci sits on the boards of 14 companies, three of which - Upsilon, Westinghouse and the oil group Ashland - are identified as lousy financial performers.

Next comes Vernon Jordan, the black Washington super-lawyer and friend of Bill Clinton. He sits on 11 boards, including such household names as American Express and Xerox. He provides legal services to seven of them, thus risking conflicts of interest. In the case of four - Bankers Trust, Corning, Dow Jones and Union Carbide - he missed three-quarters of the board meetings.

The directors picked out - by supposedly objective screening of company performance - turn out to be remarkably inter-connected. Frank Carlucci sits on the Westinghouse board with his chief executive, Michael Jordan. Michael Jordan sits on the United Negro College Fund board with Vernon Jordan, who is on the American Express board with Drew Lewis, the chief executive of Union

Pacific. And Drew Lewis is on the board of FPL, the Florida electrical utility. For some bizarre reason, the FPL board turns out to contain no fewer than five of the 23 directors picked out in the study. Who said the old-boy network was dead?

Hustle hustle

Germany's youngest top Bundesbanker looks set to join the private sector. Gerd Häusler, 44, is moving from the grey slab-like headquarters of the powerful central bank at the edge of Frankfurt. His likely destination is Dresdner Bank's sleek silver tower. Both banks are so far being discreet, as is Häusler.

"I'd have to say Atlanta's almost a war zone," attorney-general Michael Bowers said yesterday. "I imagine over the past 30 days, we've had more murders in Atlanta than Sarajevo."

Mayor Bill Campbell was hugely irked by the comment, claiming that "the facts are that the crime rate in downtown Atlanta is at its lowest level since 1966. I doubt Mr Bowers has ever been to Sarajevo. And I assume he is not spending much time in downtown Atlanta."

Not if he knows what's good for him.

current Bundesbank responsibilities include foreign exchange and personnel, has been an energetic promoter of liberalisation in the German capital market. Dresdner will no doubt encourage him to continue his efforts, from the other side of the fence.

Atlanta shoot-out

In the US, Georgia's attorney-general has caused jitters in high places by claiming that crime in Atlanta, which hosts this year's summer Olympic Games, may be worse than in Sarajevo, the Bosnian capital that hosted the 1994 winter Olympics.

"I'd have to say Atlanta's almost a war zone," attorney-general Michael Bowers said yesterday. "I imagine over the past 30 days, we've had more murders in Atlanta than Sarajevo."

Mayor Bill Campbell was hugely irked by the comment, claiming that "the facts are that the crime rate in downtown Atlanta is at its lowest level since 1966. I doubt Mr Bowers has ever been to Sarajevo. And I assume he is not spending much time in downtown Atlanta."

Not if he knows what's good for him.

bidders for the intensely competitive Czech mobile telephone licence.

A consortium called Anofon, led by AirTouch of the US, has a solution. AirTouch says it will donate \$10,000 to Prague City Hall to spend on the famous astronomical clock in Old Town Square - but only if Anofon wins the licence, to be awarded in the next few days.

AirTouch executives yesterday denied that the offer was a "sweetener" aimed at enhancing their chances. Vern Tyerman, AirTouch vice-president for European affairs, said the loot would be part of an attempt to brighten Anofon's name. So recognition - if they win. So doesn't that mean no licence, no money? "I guess an Anofon recognition (drive) would look pretty silly if we were to lose the contest," Tyerman observed.

Very fishy

A generous admission from Emma Bonino, the EU's fisheries commissioner, that she can't work miracles.

Yesterday she explained to hawks why badly depleted fish stocks meant the need for another painful round of cuts in the EU's fishing fleet: "Two thousand years ago there was someone who multiplied the fish, which I can't unfortunately do."

Much more of this frankness and she'll be out of a job.

Financial Times

100 years ago

Turkey and the powers

The "Figaro's" Constantinople correspondent telegraphs that ministerial changes are preparing there, which, if carried out, will have the most serious consequences for Turkey and Europe alike. The Sultan is credited with the intention of appointing as Minister of War Şakir Paşa, now High Commissioner in Anatolia, and against whose actions all the Powers have been forced to protest. Selim Effendi Melikham, formerly Director of the Public Debt and the implacable enemy of European financiers in Constantinople, is to go to the Ministry of Finance.

50 years ago

West African gold shares

The West African gold-mining industry, which for more than a decade had an unbroken record of expansion, felt the impact of war severely. Gold Coast production, which in 1930 was no more than 218,000 ozs and rose steadily during the 30's to a peak of 382,000 ozs in 1941, has since declined sharply. It was possible at the beginning of war more than to maintain the overall level of gold production. But the situation could not continue, and the introduction of the concentration scheme in the early part of 1943 was perhaps unavoidable.

Inappropriate tone

How to stand out from the pack? That's the conundrum facing

Welcome to the hearth of London. Radisson EDWARDIAN

FINANCIAL TIMES

Wednesday March 13 1996

Shepherd DESIGN, MANAGEMENT, CONSTRUCTION & ENGINEERING

IVECO TRUCK

Arab leaders seek renewed Middle East peace talks

US and Israel call for global 'anti-terror' pact

By David Gardner in Sharm el-Sheikh

The US and Israel pressed for greater international intelligence-sharing to counter terrorism...

yesterday offered talks with Israel, the US and the Palestinian Authority...

the need for full compliance with the 1993 Oslo peace accords...

But Arab leaders fought to widen the "anti-terror" focus of the meeting...

European diplomats said intelligence operatives were likely to exchange information away from the main talks...

Mr Amr Moussa, the Egyptian foreign minister, stressed yesterday that "this is a political meeting", not a mere anti-terror summit...

The 29-nation summit, chaired by President Hosni Mubarak of Egypt and US president Bill Clinton...

Israeli officials said they expected Mr Warren Christopher, the US secretary of state, to stay in Israel after the summit...

Mr Amr Moussa, the Egyptian foreign minister, stressed yesterday that "this is a political meeting", not a mere anti-terror summit...

Mr Shimon Peres, the Israeli prime minister and Mr Yasser Arafat, president of the autonomous Palestinian Authority...

Egypt, with strong Arab backing, wants the summit to stress

UK under pressure over Palestinian aid, Page 4

Euro Disney plans \$980m new town near Paris theme park

Euro Disney plans \$980m new town near Paris theme park

By Andrew Jack in Paris

Euro Disney, operator of the Paris-based theme park, plans to develop an ambitious new town...

The development would be one of the last on such a scale to be approved in France...

By 2000, Euro Disney plans to open a 90,000 square-metre shopping mall which it hopes will attract some 150 shops...

The town, to be called "Val d'Europe", will encompass 1,500 homes, nearly 370,000 square metres allocated for businesses...

THE LEX COLUMN

Telekom's sales pitch

The latest slippage in Deutsche Telekom's sales by comparison with management forecasts is embarrassing...

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America Online



Prudential

Mr Peter Davis, Prudential Corporation's chief executive, has enjoyed a remarkable honeymoon since he took over the Pru's shares...

Prudential

Mr Peter Davis, Prudential Corporation's chief executive, has enjoyed a remarkable honeymoon since he took over the Pru's shares...

TI Group

After GEN's excellent results last week, TI took up the baton for UK engineers yesterday...

Hopes of German recovery damped by imports plunge

By Peter Norman in Bonn

German exports have finally fallen victim to last spring's sharp increase in the value of the D-Mark...

2.7 per cent below the DM63.3bn of December 1994. Imports declined to DM54.6bn in December...

year as a whole, the current account deficit fell to DM24.8bn from DM34.7bn in 1994.

Statistics office officials said the export downturn was a delayed response to last year's sharp increase in the value of the D-Mark...

Germany's visible trade surplus increased to DM93.3bn last year from DM73.3bn in 1994 as exports rose 5.4 per cent...

These reduced expectations coincided with official figures showing that bankruptcies and liquidations reached record levels...

According to the federal statistics office yesterday, visible exports fell to DM61.6bn in December last year...

After deducting net investment income together with the balance of trade in services and net transfers...

Election juggernaut, Page 2 Editorial Comment, Page 22

UK auction houses face clash with Brussels

Continued from Page 1

Industry suffers from the transfer of many contemporary art sales to London. "Sellers prefer to go to London to avoid paying the resale right," said a French official...

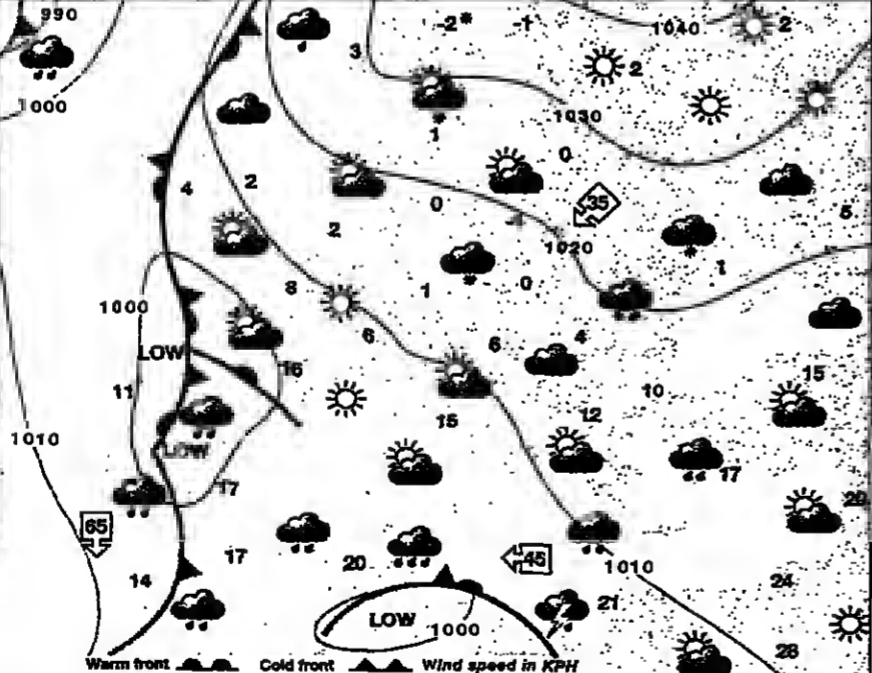
only under which only French houses can hold auctions in France. It acted under pressure from the European Commission...

the sale price. Provisional rates are 4 per cent for works sold between Ecu1,000 (\$1,000) and Ecu50,000...

FT WEATHER GUIDE

Europe today

Wintry conditions will prevail across most of the continent. Slovakia, Hungary and northern Romania will have a few centimetres of snow...



Five-day forecast

Most of the continent will turn milder with sunny spells. However, a series of depressions will produce numerous thunder showers across the Mediterranean...

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Table with columns for location, maximum temperature, and weather conditions.

Table with columns for location, maximum temperature, and weather conditions.

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FINANCIAL TIMES COMPANIES & MARKETS

Wednesday March 13 1996

THE FINANCIAL TIMES LIMITED 1996

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IN BRIEF Caixa in talks to acquire Atlántico

Caixa Catalana, Spain's third-largest savings bank, is negotiating the acquisition of Banco Atlántico...

Garuzzo makes comeback at Olivetti... Mr Giorgio Garuzzo, who resigned last month as chief operating officer of Fiat...

BASF eyes Japanese drugs acquisition... BASF, the German chemicals company, is to acquire a Japanese drugs company...

Age rises 22% after Avesta sale... A shift to gas-based technologies in industries as diverse as paper-making and food processing...

Japanese resin producers to merge... Japan Synthetic Rubber, Japan's largest producer of plastic resin...

MGM sale expected to raise \$1.5bn... The sale by international auction of Metro-Goldwyn-Mayer, a refurbished remnant of Hollywood's glory days...

Clearance looms over Nabisco break-up vote... A dispute looks set to break out over the means used by corporate raiders Mr Bennett LeBow and Mr Carl Icahn...

FTX jumps on hopes of life fund move... Shareholders in Prudential Corporation, the UK's largest life insurer, could gain access to some assets with undetermined ownership...

Companies in this issue. Table listing companies like Agnif, Air Europe, Ashton Mining, BASF, BCFE, BP Chemicals, Banco Atlántico, Bata Mountain Gold, Bayer, Brooke Group, CTC, Caixa Catalana, Christies, Coca-Cola, Cordant, Crown Butte, Delta, Deutsche Telekom, Fidelity Investments, Folkler, Freepart, Gucci, Hanson, Herma, Inchcape, JVC, Japan Synth. Rubber, Lego.

Market Statistics. Table with columns for various market indices and their values.

Chief price changes yesterday. Table showing price changes for various commodities and currencies.

Deutsche Telekom sales fail to meet forecast

By Michael Lindemann in Bonn... Deutsche Telekom, the German telecoms group, announced that its 1995 sales had risen only 4 per cent to DM66bn (\$44.5bn), about DM2bn lower than forecasts made nine months ago.

The company said. Final 1995 results are expected in early June. The privatisation process begins next month with a series of roadshow presentations...

benefitting from increased competition among suppliers, which had forced costs down, and had scaled back its own investments in eastern Germany.

Europe's biggest toy company looks at range of activities to lift sales

Lego plans to spend \$2bn on 15 parks

By Peter Marsh in Billund, Denmark... Most of the population of the developed world will be within driving distance of a Lego theme park under a plan by the Danish toy company...



Bricklayer: a workman at the UK park to be opened later this month

Willamette buys up Hanson forestry arm for \$1.59bn

By David Wighton in London... Hanson, the UK industrial conglomerate, yesterday announced it had sold its remaining US forestry interests for a better than expected price of \$1.59bn.

Hanson's shares rose 2 1/2p to 192p on the disposal, which the company said would dilute earnings per share. The shares have recovered from a recent low of 179p, though they are still below the 204 1/2p at which they stood before the group's proposed four-way demerger.

Magellan fund continues to cut weighting in shares

By Maggie Ury in New York... The closely-watched Magellan mutual fund, Fidelity Investments' leading fund, continued to cut its equity holdings in January and build its weighting in bonds and cash.

published yesterday by Fidelity. However, Mr Vinik appears to have bought shares in Digital Equipment, the computer group, in January as it became one of the fund's top 10 holdings.

asset manager funds, which had underperformed in 1994 and 1995, to develop funds for institutional retirement plans. Mr Dan Frank has given up management of the Strategic Opportunities fund, which invests in special situations, with immediate effect.

Barry Riley Bonds, equities and the shadow of 1994

Once again, the world's stock markets cannot figure out how to respond to a bond market shakeout. The losses in equities after Wall Street's sudden panic on Friday were partly regained in the bond markets.

financial institutions repatriate assets ahead of the March 31 fiscal year-end. But at any sign the yen is climbing, the Bank of Japan's stabilisation forces will be brought to bear.

than a minor blip on the long-term charts. On these assumptions, any setback becomes a buying opportunity. This certainly appears to have been the response on Monday.

When differing investors dominate, so can incompatible views

Thus, one statistic that shocked the US Treasury bond market last week, quite apart from the devastating jump in the non-farm payroll, was the scale of the buying by foreign central banks (chiefly the Bank of Japan).

curve, reflecting the risk-averse central bank's preference for shorter dates. Incidentally, instead of being significantly lower, US bond yields have now moved fairly close to those on German government debt, giving an indication of how much the Treasury market was previously relying on the leveraged players.

When different types of investors dominate, incompatible views can hold sway. The US Treasury market, for instance, appears to have been fixated on possible recession (a view dashed by the jobs data) while equities have been relying on continued, albeit modest, growth.

INDUSTRIAL SERVICES DELTA PRELIMINARY RESULTS Committed to the growth of highly innovative, quality products on an increasingly international scale. Table with columns for 1995 and 1994 values for Turnover, Profit before interest, Profit before tax, Earnings per share, Dividends per share.

INTERNATIONAL COMPANIES AND FINANCE

EUROPEAN NEWS DIGEST

SGS ahead 11% despite US losses

Société Générale de Surveillance, the world's largest inspection and testing group, has reported an 11.1 per cent rise in 1995 net profit to Sfr200.4m (\$191.77m), despite continuing large losses in its US insurance adjusting business. The result was slightly below investors' expectations, but the bearer shares rose Sfr35 to Sfr2.385 on the Swiss stock market.

The directors were confident that profits would improve this year, partly because of an expected return to profit of the insurance adjusting side. Also, the cash-rich group recommended a 13 per cent rise in dividends to Sfr11.30 per registered share and Sfr56 per bearer share. Revenues were down 1.7 per cent to Sfr2.52bn, but up 8.1 per cent in local currencies. Trading profits edged up 2 per cent to Sfr250m, and Mrs Elisabeth Salina, chairman, said growth was depressed partly by currency translations and partly by the Sfr18.6m operating loss at GAB Robins North America.

Net financial revenues jumped 36.4 per cent to Sfr49.8m, reflecting the dissolution of provisions made in 1994 against sharp falls in security values. Pre-tax profit was ahead 10.8 per cent to Sfr238.2m.

Ian Rodger, Geneva

Air Europe plans float by 1999

Air Europe, the Italian charter airline which rose from the ashes of International Leisure Group, the collapsed UK travel company, is planning a stock exchange listing within three years. Sopaf, the Milan-based financial group, yesterday announced the purchase of an 18.5 per cent stake in Air Europe, through a fund called Invest Equity Partners, with a view to funding growth and eventually bringing the company to the stock market.

Air Europe was originally a scheduled airline, grounded by the 1991 collapse of ILC, its parent company. But management bought a stake in the Italian affiliate from the administrators and continued flying under the same name.

Sopaf, which has helped a number of medium-sized Italian companies to the stock market in the past year, has spent about \$8m subscribing to the capital increase and buying shares from management. The capital increase, together with the full payment of unpaid rights to Air Europe shares, will raise \$7m for the company, and leave the management buy-out team with 56.9 per cent of the group. Alitalia owns the remaining 24.6 per cent.

Andrew Hill, Milan

SGL Carbon reaches target

SGL Carbon, the German manufacturer of graphite and carbon products, established itself as one of the country's most profitable quoted companies, with a return on turnover of 17 per cent in 1995, up from 11 per cent in 1994, according to annual results released yesterday.

The company came to the German market last April, when Hoechst, the chemical group, floated off a 50 per cent stake. Hoechst still owns the remaining half. Mr Robert Koehler, chairman, said SGL Carbon had reached its profitability targets one year ahead of schedule. SGL Carbon is the world's largest producer of carbon and graphite products. It reported a rise in turnover from DML44m to DML57bn (\$1.06bn) last year, with pre-tax profits of DM234m, up 61 per cent. The supervisory and management boards proposed a dividend of DM1.67 per share.

Wolfgang Münchau, Frankfurt

Caixa Catalunya set to buy Banco Atlántico

By Tom Burns in Madrid

Caixa Catalunya, Spain's third-ranked savings bank, is negotiating the acquisition of Banco Atlántico, a leading Barcelona-based medium-sized bank, for a reported price of some Ptas60bn (\$480m). If it went ahead, the acquisition would represent the biggest domestic takeover of a private bank by a savings institution.

The purchase, if agreed, would intensify the rivalry between the private and the savings banks, the twin pillars of Spain's financial system. The private banks, which are legally barred from acquiring savings banks,

allege they are subjected to unfair competition.

Atlántico is controlled by Saudi Arabia's Arab Banking Corporation, which owns 72 per cent of its equity; Argentaria, the partially privatised state-banking group, owns a 24 per cent stake. It is understood that Caixa Catalunya would acquire 40 per cent of Atlántico's equity, including the entire Argentaria-owned stake, for Ptas60bn, in a first phase of the takeover, with an undertaking to pay a further Ptas35bn for the outright acquisition of the bank.

Argentaria, which is currently disposing of 25 per cent of its equity

through a global offering that will reduce the government's shareholding to 25 per cent, has been anxious to sell its stake in Atlántico for more than a year. Caixa Catalunya bought a small subsidiary bank, Banco de la Exporación, from Atlántico in 1991 for Ptas6bn and made its initial approach to acquire the parent bank last year.

Caixa Catalunya is chiefly interested in Atlántico's commercial potential for the bank has deposits of nearly Ptas600bn and a loan portfolio of around Ptas400bn. Should it acquire Atlántico, the savings bank will add 300 branches, mostly well positioned

in Spain's chief urban centres, to its nearly 700-strong network, and it will double its consolidated assets to Ptas3,500bn to become Spain's seventh largest financial institution.

Atlántico had profits of Ptas3.7bn after provisions of Ptas4.8bn for non-performing loans last year, and the reported purchase price is the equivalent of its market capitalisation.

Caixa Catalunya's planned advance into the private banking sector mirrors that of its local competitor in Catalonia, known simply as La Caixa, Europe's biggest savings bank. In 1995, La Caixa acquired control of two private banks for Ptas7.8bn. These

acquisitions unsettled the private banks, which are encountering increasingly narrowed margins, and Caixa Catalunya's ambitious takeover is likely to distress them further.

A recurring complaint voiced by the private banks is that they pay an average of 50 per cent of their profits to shareholders, whereas the savings banks allocate some 25 per cent of their income to so-called social works. The issue of unfair competition between the two sectors was raised last year by the Madrid-based Tribunal for the Defence of Competition, a government agency, but the dispute remains unresolved.

Garuzzo moves from acrimony to a challenge

By Andrew Hill

Mr Giorgio Garuzzo, who resigned amid acrimony last month as chief operating officer of Fiat, the Italian industrial group, yesterday returned to Olivetti as deputy chairman of the computer company.

The former Fiat executive, who began his career with Olivetti in 1962, will be responsible for developing "strategies and alliances at group level".

Mr Garuzzo was co-opted on to the board of the Ivrea-based company, which is struggling to convince shareholders it has a future in the personal computer sector.

It was not clear whether Mr Carlo De Benedetti, Olivetti's chairman, approached Mr Garuzzo or vice versa, but the appointment reunites the careers of the two men for the first time in 20 years.

They worked together at Gilardini, the industrial components business owned by the De Benedetti family, in the 1970s, and Mr De Benedetti took Mr Garuzzo with him to Fiat in 1976 during his short-lived and unhappy spell as chief executive of the automotive and industrial group. Mr



Garuzzo: moved to Olivetti yesterday after 20 years with Fiat

De Benedetti left and went on to take control of Olivetti, but Mr Garuzzo stayed and rose to become number three in the Fiat hierarchy.

Last month, however, an upset Mr Garuzzo left Fiat after he was passed over for the job of chief executive in the management reshuffle prompted by Mr Gianni Agnelli's resignation as Fiat chairman. Mr Cesare Romiti graduated from chief executive to chairman, but it was Mr Paolo Cantarella, head of Fiat Auto, the cars division, who took Mr Romiti's place. In what seemed a pointed reference to Mr Garuzzo's

grievances, Olivetti attached to yesterday's announcement a long list of Fiat developments which benefited from his "direct participation and personal contribution", ending with "management of the emergency, relaunch and strategic redefinition of Fiat Auto" between 1991 and 1995.

Olivetti said yesterday that alliances were fundamental for the group as it tried to reposition itself as a broad-based information technology and telecommunications group.

But Mr Garuzzo, 57, faces a challenge at Olivetti if he is to match his success at Fiat. Olivetti's share price has come under new strain in recent weeks as rival personal computer manufacturers either cut prices or pull out of the competitive market altogether. Shortly after the announcement of Mr Garuzzo's appointment yesterday, the shares closed down L20.7 at L797.3.

Mr De Benedetti has set himself a deadline of mid-1996 to demonstrate that the company is recovering from the heavy losses of the past few years.

Investcorp poised to sell its remaining Gucci stake

By Andrew Hill in Milan

Investcorp, the Bahrain-based investment group, is poised to sell all its shares in Gucci, the Italian manufacturer of luxury goods and clothes, in a follow-up to its successful sale of a 43.2 per cent stake last year in New York.

Gucci, which last week paraded its latest clothing collection in Milan to great acclaim, also announced a net profit for the year to January 31 of \$81.4m, compared with \$17.2m last time.

Gucci shares were in heavy demand in last October's offer, and they have risen to nearly double the offer price of \$22 since. If Investcorp succeeds in selling all its shares through Codia, which it controls indirectly, at current trading

prices it could raise as much as \$1.3bn for its wealthy Arab backers.

A further sale of shares should help ease illiquidity in the stock - which is traded in New York, Amsterdam, and on Seaq International - and fulfil demand left over from last year.

Mr Johannes Huth, a member of Investcorp's management committee, said yesterday the group's investments were normally held for a three-to-five-year period. Investcorp started negotiating for a stake in Gucci in 1987. "Our business is buying and selling companies and while we may fall in love with some of them, there comes a time when we have to part company," said Mr Huth.

Net revenue at Gucci nearly doubled to \$500m in 1995, against \$264m. Earnings per

share increased from 38 cents to \$1.66 on a weighted basis. Sales last year were more than doubled in the US, Italy, Japan and east Asia.

The latest offer will be structured in a similar way to last year's deal. Investcorp intends to place an initial 26.4m shares through a global offer, holding back nearly 4m for an "over-allocation" option to be sold if there is sufficient demand.

Investcorp has again appointed Morgan Stanley as global co-ordinator for the offer, which should be priced towards the end of this month, and has promoted CS First Boston to joint lead manager alongside Morgan Stanley.

Salomon Brothers is co-manager for the US tranche of shares. Salomon and Cazenove will be joint lead managers for the international tranche.

Portugal Telecom advances 44%

By Peter Wise in Lisbon

Shares in Portugal Telecom reached a record high yesterday after the group reported a 44 per cent increase in net consolidated profit, to E36.2bn (\$232m) in 1995 from E26.1bn in 1994.

The shares closed at E53.519, up from E49.493 on Monday, a 25.7 per cent gain since 27 per cent of PT was privatised at E2.800 a share in an initial public offer last June.

A 17.1 per cent reduction in net financial costs to E26.8bn, driven largely by lower interest rates, helped lift profits above analysts' expectations. The group will pay a dividend of E9.91 a share.

PT president, said a global offer of a further 22 per cent of the group was likely to be made by mid-1996. An international partner is expected to acquire an additional 20 per cent early next year.

This will require repealing a law that limits private-sector ownership of PT to 51 per cent. The socialist government has indicated that 20 per cent of the group will be kept in state hands until the full liberalisation of Portugal's telecoms sector, currently scheduled for 2003 under EU rules.

PT said total debt grew by only E3.2bn, despite a 34 per cent rise in investment to E51.6bn and a 34 per cent increase in pension and other provisions to E80.8bn. Ana-

lysts said this was achieved mainly because of a 15 per cent increase in cash flow, to E515.4bn.

Efficiency gains were reflected in a 10.5 per cent increase in operating profit to E212.1bn. PT said operating costs increased by only 4.6 per cent to E235.8m as a result of cost cutting and streamlining operations. Staff costs grew by 6.6 per cent, representing 22.3 per cent of total revenue, down from 22.8 per cent in 1994. The number of employees fell to 20,241 in 1995 from 21,279.

Total revenue from telecom services rose 8.9 per cent to E496.7bn. PT increased tariffs by an average of 2.3 per cent in 1995, below annual inflation of 4.2 per cent.

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July 1995 \$230,000,000 Banco Central Hispanoamericano, S.A. Preferred Stock <i>Co-Lead Manager in this transaction</i>	February 1995 \$162,500,000 Midland Bank plc Preferred Stock <i>Co-Lead Manager in this transaction</i>	September 1995 \$175,000,000 The Royal Bank of Scotland Group plc Preferred Stock <i>Co-Lead Manager in this transaction</i>

— Advisory —

Pending Bank of Ireland \$700 million merger of Bank of Ireland First Holdings, a subsidiary of Bank of Ireland with Citizens Financial Group, Inc. a subsidiary of The Royal Bank of Scotland <i>Advisor to Bank of Ireland</i>	February 1995 BarclaysAmerican/Mortgage Corporation Sale of its mortgage servicing business to Norwest Corporation <i>Advisor to Barclays Bank plc</i>	December 1995 National Westminster Bancorp Inc. Sale of \$468 million of credit card receivables to Household Bank <i>Advisor to National Westminster Bancorp Inc.</i>
Pending Travelers Group Inc. \$500 million sale of RCM Capital Management to Dresdner Bank AG <i>Advisor to Travelers Group Inc.</i>	April 1995 BarclaysAmerican/Mortgage Corporation Sale of its mortgage origination business to Greenpoint Financial Corporation <i>Advisor to Barclays Bank plc</i>	March 1995 Bank of Ireland Acquisition of Great Bay Bancshares <i>Advisor to Bank of Ireland</i>

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REALISATIONS DURING 1995

<p>Industri Kapital 1989 has realised approximately 75% of its holding in Lindex AB by introduction on the Stockholm Stock Exchange</p>	<p>Industri Kapital 1989 has realised approximately 35% of its holding in Crisplant Industries a/s by introduction on the Copenhagen Stock Exchange</p>	<p>Industri Kapital 1989 and AB Fortos have realised 100% of their holdings in Partena AB by sale to Financiere Sodexho S.A. and Sodexho S.A.</p>
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Regulated by the Securities and Futures Authority

<p>INDUSTRI KAPITAL AB Birger Jarlgatan 2 S-114 34 Stockholm, Sweden Tel. +46-8-678 95 00</p>	<p>INDUSTRI KAPITAL LIMITED Bretenham House, 5 Lancaster Place London WC2E 7EN, U.K. Tel. +44-171-304 43 00</p>	<p>INDUSTRI KAPITAL AS Klingenbergtoppen 7B, N-0111 Oslo, Norway Tel. +47-22 83 90 55</p>
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INTERNATIONAL COMPANIES AND FINANCE

BASF set to buy Japan drugs company

By Jenny Luesby in London, Wolfgang Münchau in Frankfurt and Eniko Terazono in Tokyo

BASF, the German chemicals company, is set to acquire a Japanese drugs company, with the aim of building a 1 per cent share in the world's second largest drugs market.

"We will not reach this goal with one acquisition," BASF said. But it expected to conclude a deal with the Japanese company that would give it "a platform from which to build".

BASF, whose supervisory board chairman is Mr Jürgen Strube, already has links with Japanese drugs companies, including a research tie-up with Mitsui Pharmaceuticals. However, the country's pharmaceuticals sector includes 1,640 drug makers, with more than 100 viewed as potential targets.

Many foreign drugs companies have established themselves in Japan by investing in R&D centres and sales forces, but BASF has said repeatedly that it intends to keep expanding its drugs business through acquisitions. It remains a relatively small competitor in pharmaceuticals, and has identified a 1 per cent market share as "critical mass". BASF would not say when the Japanese buy would be announced, but it would not coincide with its annual financial press conference on March 26.

It yesterday issued preliminary figures which highlighted the slowdown in chemical demand in the second half.

Sales of DM46.2bn (\$31.2bn) last year were up from DM43.7bn in 1994, but second-half turnover was DM20.6bn, compared with DM25.6bn in the first half. Pre-tax profits were evenly spread over the



Jürgen Strube: his company already has links with Japan

year, to reach DM4.13bn, up 67 per cent on the previous year. This suggested an improvement in profit margins in the second half, despite the sharp

fall in chemicals prices, said one analyst. But another cautioned that uncertainties remained, "because of the lack of detailed information".

The markets, nonetheless welcomed the strength of BASF's results, on the back of which it proposed a rise in the dividend from DM10 a share to DM14. BASF shares closed up 2.3 per cent at DM378.

Shares in Bayer also rose on its preliminary results, but later fell back to close at DM468.50, up 1.7 per cent on the day. The group reported a 27.1 per cent rise in pre-tax profits to DM4.19bn, on sales up 2.7 per cent, at DM44.6bn.

The profits growth was in line with expectations, but analysts were puzzled at the relatively small rise in earnings per share (DVFA) - from DM30 to DM34. Bayer raised its payout DM2 to DM15 per share.

Bayer also reported a fall in capital expenditure from DM3.53bn to DM3.17bn, of which DM1.46bn was spent on acquisitions. R&D went up from DM3.18bn to DM3.26bn.

Shift to gas helps Aga to 22% rise

By Hugh Carnegie in Stockholm

A shift to gas-based technologies in industries as diverse as paper-making and food processing helped Aga, the Swedish industrial gas group, to increase underlying profits by 22 per cent last year.

Aga, ranked fifth in its sector in the world, said profits after financial items rose from SEK1.7bn in 1994 to SEK2.1bn (\$307.3m). Pre-tax earnings were further inflated by a SEK601m gain from the sale of shares in the Anglo-Swedish steel group Avesta Sheffield, hoisting the before-tax surplus to SEK2.7bn, compared with SEK1.7bn last time.

Mr Marcus Storch, chief executive, said the effect of a recent strengthening of the Swedish krona and an anticipated poorer performance by

Aga's power associate, Gullspång Kraft, meant underlying profits were likely to remain this year at 1995 levels.

Profits slipped in the fourth quarter of last year, with earnings after financial items falling from SEK543m in the last quarter of 1994 to SEK506m in the final quarter of 1995. The reverse reflected weaker economic trends in South America, the US and some European countries.

But Mr Storch said the slower trend was not universal and growth in demand for gas

products remained healthy, driven in large part by technological changes which resulted in greater use of gas in a range of industrial processes. This meant demand for industrial gases was about double underlying pig growth trends.

Aga's group sales rose 6 per cent in 1995 from SEK12.5bn to SEK13.3bn. Developments which have opened up new demand for gas recently have included the switch from chlorine to oxygen-based bleaching processes by the pulp and paper industry, a move to liquid gas freezing techniques by the food industry and the use of gases in areas such as waste-water treatment and pharmaceutical preparations.

EUROPEAN NEWS DIGEST

Fokker's chances of rescue 'slim'

Fokker, the Dutch aircraft maker racing to find a corporate saviour, said yesterday that prospects of a rescue by Friday's deadline looked bleak. Mr Ben van Schaik, management board chairman, told a rally of workers outside the company's main factory that Fokker was still in talks with two Asian parties potentially interested in taking over its assets, Samsung of South Korea and Aviation Industries of China (Avic).

"I have not given up on the possibility that there will be a positive conclusion this week, but chances are quite slim," he said. Bridging credit supplied by the Dutch state runs out on Friday, setting a deadline for negotiations unless the government steps in with another short-term financial package.

Hopes are pinned on Samsung and Avic because Dutch bankers and financiers are not expected to be prepared to invest in a slimmed-down Fokker unless the company finds a strong industrial partner. In 1993, the government's desire for Fokker to become part of a larger industrial concern led to the sale of a controlling stake in the company to Daimler-Benz Aerospace of Germany. But this partnership unravelled in January after the German company refused to put up new funds to keep loss-making Fokker afloat.

The Fokker group employs 7,000 people. If it collapsed, smaller units in fields such as defence contracting and aircraft maintenance might be salvaged, but the main aircraft-assembly business would be closed with the loss of about 5,000 jobs.

Ronald van de Krol, Amsterdam

French specialist bank ahead

Banque Française du Commerce Extérieur, the specialist banking group recently taken over by Crédit National, yesterday reported net income up 14 per cent to FF225m (\$50m) for 1995. Banking income rose 6 per cent to FF2.3bn, and operating income was up 12 per cent to FF792m. The group said it had managed to boost market share despite a loss in business from the French state, tight margins, and the effects of the fall in the dollar.

The bank took general provisions of FF80m, and a series of specific write-downs, including FF141m against its exposure to Eurotunnel, operator of the Channel tunnel rail link.

It said 1996 would be marked by its integration with Crédit National, which holds 88.26 per cent of the shares, with the remainder split between the Bank of France and the Caisse Française de Développement.

Andrew Jack, Paris

Sanofi in Rotta Research link

French drugs group Sanofi, a unit of Elf Aquitaine, said it had signed a worldwide commercial agreement for product development and research with Rotta Research of Italy. The alliance involves six products of Rotta Research in more than 50 countries. These do not include US or Canada, for which negotiations are still under way.

The alliance will take the form of various licences, distribution accords or joint ventures, but Sanofi and Rotta will remain independent. Sanofi will market all the Rotta products and will have access to future Rotta products. Sanofi will be able to strengthen its position on the market for treatment of osteoporosis and menopause while Rotta research will benefit from the wide presence of Sanofi's international sales network.

Sanofi said sales of the products included in the agreement could amount to FF1bn (\$197m) a year for the company.

Reuter, Paris

Pliva aims to put Croatia on investors' maps

Zagreb hopes drug group's issue will lift country's profile abroad, writes Gavin Gray

In 1981, researchers at Pliva, a Croatian pharmaceuticals company, discovered a seemingly promising antibiotic which they called azithromycin. Fifteen years on, and after the signing of a licensing agreement with Pfizer of the US, the drug has surpassed all expectations.

Whether the strength of the cash flow that this generates for Pliva outweighs the political risk of investing in Croatia is a question institutional investors will be mulling over this week, as a roadshow opens in Europe for the company's forthcoming international equity issue.

The Croatian government is selling 31 per cent of the company's stock at an indicative price of K4,150 to K5,100 a share, valuing the company at \$415m to \$510m.

This is the first international offering for a Croatian company, and it probably would not have proceeded this far without the reduction in political risk brought about by the Croatian army's assault last August on Krajina, a rebel Serb held region that constituted more than 20 per cent of the country.

With Krajina in its hands, Croatia has succeeded in restoring transport and economic links severed when Yugoslavia broke up in 1991. Last year's signing of the Dayton peace agreement for Bosnia has also reduced the residual risk of investing in Croatia.

Pliva has been picked for this, inaugural issue in an attempt by the Croatian government to convince investors that the economy has not been comprehensively wrecked in the past five years.

The shares and Global Depository Receipts are due to start trading on the London Stock Exchange on April 11 - the first time an east European industrial company will be listed in London - and the Croatian government hopes this will lift the country's profile abroad.

Only one of Pliva's factories, in its non-core food products division, fell into Serb hands. This was recovered intact last summer.

The company has replaced the markets it lost with the splintering of Yugoslavia partly by selling branded

drugs in eastern Europe, while in western Europe it has stepped up sales of bulk pharmaceuticals; it is the world's fifth-largest producer of vitamin C.

This rapid recovery helped lift sales to \$400m last year, matching pre-war levels and making Pliva the largest pharmaceuticals group in central and eastern Europe.

The strength of its management team is underlined, the government believes, by the decision to privatise through a sale to institutional investors at a time when some of eastern Europe's leading pharmaceuticals companies, such as Galena in the Czech Republic and Biogal in Hungary, have been forced into the hands of multinationals.

"Pliva has a long tradition in research and development and

we don't see a need for a strategic partner. Azithromycin is a blockbuster product which will give us the opportunity to develop as an independent company," said Mr Zeljko Covic, the company's president.

Pliva patented azithromycin in 1982 and in 1986 gave a licence for the US and western Europe to Pfizer, which is selling it under the brand name Zithromax.

The patent for the US is protected until 2005. Pliva uses the name Sumamed for its sales in eastern Europe and the former Soviet Union. The drug is a macrolite antibiotic, suitable for treating respiratory and some sexually transmitted diseases. It was an instant hit because dosing is simpler and it produces quicker results.

Pliva also has an agreement to supply Pfizer with azithromycin in bulk, providing a third source of earnings in addition to licensing royalties and its own sales. The company was sterner tested in late-1991 when war broke out and the Yugoslav army bombed Zagreb, the Croatian capital and location for most of Pliva's factories.

Mr Zelimir Vukina, Pliva's vice-president of marketing and sales, recalls running telephone cables from his office to nearby bunkers to remain in touch with clients.

This year, the company is once again under pressure to maintain supplies, but now because its factories are working at full capacity.

It is investing \$100m to build a new factory outside Zagreb to expand capacity and the European Bank for Reconstruction and Development has extended a \$50m loan to finance this.

The equity offering is priced on a prospective multiple of 5 to 6.14 times, whereas the largest listed Hungarian drugs group, Gideon Richter, has been trading on a multiple of 9 times earnings.

According to one pharmaceuticals analyst, Pliva's earnings are of a much higher quality than those of Gideon Richter, since there is no need to operate a large sales division to sustain them. The question for investors is whether this is enough to counterbalance the extra political risk.

PLIVA		
Year	Revenue	Net profit
1989	286	36
1994	323	72
1995	399	77

Source: Company results

CORIMON INTERNATIONAL FINANCE LIMITED

NOTICE

To the Holders of 104/8% Guaranteed Notes Due October 15, 1996

Notice to the holders of the 10-1/8% Guaranteed Notes Due October 15, 1996 that a general meeting will be held in the Auditorium of the Corimon Building at calle Hans Neumann de los Cortijos de Lourdes, Caracas, Venezuela, on Thursday March 28th, 1996 at 1:00am, for the following purposes:

- To provide holders of Notes with information about the financial situation of the Company.
- To consider and act upon the payment of the Notes.
- To consider and act upon the appointment of the Chairman and Secretary of the meeting.

The Board of Directors

Caracas, March 5th 1996

Note: The Issuer has appointed Mr. Gustavo Maa Borjas as a Temporary Chairman of the meeting. The holding of Notes shall be proved by the production of such Notes or by a certificate, satisfactory to the Company or executed by any bank, banker, trust company, or recognized securities dealers, wherever situated to the Company. Each such certificate shall be dated and shall state that on the date and amount thereof a Note bearing specific serial number was deposited with or exhibited to such financial institutions. Access will be denied to the one who do not follow the above instructions.

All of these securities having been sold, this announcement appears as a matter of record only.

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INTERNATIONAL COMPANIES AND FINANCE

ASIA-PACIFIC NEWS DIGEST

Earnings forecast doubled at JVC

Full-year net profits at JVC, the Japanese consumer electronics company, are now expected to reach ¥2bn (\$18m), double the company's earlier estimate for the 12 months to the end of this month. The company also plans to restore shareholder dividends.

The revised estimate comes despite lower-than-expected sales of ¥555bn compared with an earlier forecast of ¥560bn. Recurring profits - before extraordinary items and tax - are now forecast to be ¥5bn rather than ¥4bn; recurring profits last year were just ¥1.04bn.

The lower sales reflect the impact of currency fluctuations as well as the separation of a karaoke systems business into an independent company. Recurring profits will be higher, nonetheless, as a result of a strong contribution from component sales and the increase in higher margin products such as wide-screen TVs and higher quality video equipment. The results will also reflect the sale of certain properties.

JVC is taking an extraordinary loss of ¥5.5bn to cover capital injections into its Shanghai operations and a joint venture it has with Hughes Electronics of the US.

In Shanghai, a fall in audio equipment sales and a resulting build up of inventory has necessitated further marketing support. In the US, JVC is increasing its stake in a joint venture it has with Hughes in large projection systems, from 40 per cent to 80 per cent.

Michiko Nakamoto, Tokyo

Ashton Mining profits slip

Ashton Mining, the Australian diamond miner in which Malaysia Mining Corporation has a significant stake, yesterday announced a fall in after-tax profits from A\$31.7m to A\$24.1m (US\$18.82m) in 1995. Its diamond sales revenue was A\$180.4m, compared with A\$184.5m.

Ashton, which has a stake in Australia's large Argyle diamond mine along with London-based RTZ-CRA, the majority partner, said that the result had been affected by the Central Selling Organisation's 10 per cent price reduction for rough diamonds, and also by the "continued 15 per cent level of deferred purchases". The CSO, the diamond industry cartel which is responsible for more than half the world's trade in rough diamonds, is controlled by the De Beers group.

Ashton and RTZ-CRA have threatened to stop selling through the CSO when the five-year marketing agreement expires in June - with Ashton, in particular, expressing frustration and the deferred purchase programme and the price cut.

Yesterday, Ashton reaffirmed that "the Argyle joint venture partners are considering their own marketing options ahead of the mid-year terminations of the current CSO sales contract". However, De Beers said recently that negotiations over a new agreement were under way.

Nikki Tait, Sydney

Watchdog blocks Wattyl buy

Australia's new Competition and Consumer Commission yesterday moved to block Wattyl, the listed Australian paint manufacturer, from purchasing the architectural and decorative paint business of Taubmans, part of the Courtaulds group in the UK.

The deal, said to be worth around A\$40m (US\$30.74m), was announced last October, and the ACCC had already warned that it might breach the Trade Practices Act on competition grounds. Yesterday, the competition watchdog formally filed proceedings in the Federal Court seeking to restrain Wattyl from completing the agreement.

The ACCC said that it had taken the action because the deal would remove a large competitor from the market, and concentrate business in two companies' hands. It estimated that Dulux, part of the ICI group of the UK, and the merged Wattyl-Taubmans group would account for almost 80 per cent of total architectural and decorative paint manufacturing market.

Wattyl had argued that the deal would bring efficiency gains and allow it to increase activities outside the Australian market, and also bring its market share into line with Dulux's. But the ACCC rejected arguments that Taubmans and Wattyl were not currently effective competitors to Dulux. Instead, it concluded: "The ACCC believes that the structure of the paint market, particularly the high barrier to successful entry as well as the widespread vertical arrangements, is such that, after the merger, the parties are likely to charge higher prices."

Nikki Tait

■ The Sydney Futures Exchange is to extend its electronic link with the New York Mercantile Exchange to include metals contracts from April 10. The link, established last year, initially covered energy-related contracts.

Nikki Tait

Japanese resin producers in joint venture

By William Dawkins in Tokyo

Japan Synthetic Rubber, the country's largest producer of plastic resin, is to merge its resin division with Mitsubishi Chemical, Japan's leading chemicals group and third-largest resin producer, to seek economies of scale in a fiercely competitive market.

The pair said they had decided to take this step, to be consummated with the formation of a joint venture next July, because of weak domestic demand and increased competition from foreign producers and Japanese companies based abroad.

The material which they will be joining forces to produce is acrylonitrile-butadiene-styrene resin (ABS), used to make hard plastic casings for computers and other electronic goods.

The main competition comes from Chi Mei, a Taiwanese petrochemical company, which makes 1m tonnes of ABS annually - 55 per cent of world output, and four times the size of Mitsubishi Chemical's and Japan Synthetic Rubber's combined ABS production.

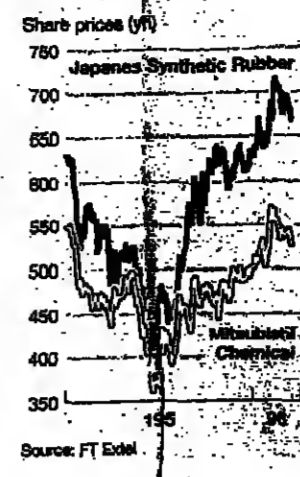
The new Japanese joint venture, yet to be named, will be 80 per cent owned by Japan Synthetic Rubber and 40 per cent by Mitsubishi Chemical. It

will have a 260,000-tonne annual capacity, giving it 30 per cent of the Japanese market and making it the world's fourth-largest producer of ABS, the companies said. After final agreement in the summer, they plan to start operations in October, with an estimated ¥60bn (\$70m) annual turnover.

Japan Synthetic Rubber, a leading supplier for Bridgestone, the Japanese tyre manufacturer, devoted 34 per cent of its ¥89.8bn turnover to synthetic resin production in the six months to last September. The group is undergoing a recovery, from recurring prof-

its - before tax and extraordinary items - of ¥3.6bn in the year to last March to an estimated ¥6.4bn in the year ending this month, according to equity analysts in Tokyo.

Mitsubishi Chemical does not specify its turnover in resins, but 55 per cent of its sales are petrochemicals. The group is expected by analysts to report a recurring profit of ¥21bn this year, a dramatic recovery from ¥5.35bn in 1995, helped by an increase in domestic demand for other petrochemical products and the cost savings achieved from its merger with Mitsubishi Petrochemical in October 1994.



Normandy turns down request for delay

By Nikki Tait in Sydney

Directors of Newcrest, the Australian goldminer, yesterday asked Mr Robert Champion de Crespigny's Normandy Mining group to delay shareholder meetings called to approve a A\$3bn (US\$2.3bn) four-way merger between Normandy and three associated companies, so that it could consider a merger with Newcrest.

But Normandy turned down the proposal, saying that details of its own merger scheme - which involves combining the operations of Normandy, PosGold, North Flinders Mines and Gold Mines of Kalgoorlie into one group - had been in shareholders' hands for nearly four weeks.

"The present merger terms will not be changed, and any proposal involving a merger with Newcrest would be unlikely to be achievable in less than four to six months," it added.

In the light of Normandy's rebuff, Newcrest said it would make a further statement shortly. The first of the meetings to approve the Normandy merger will be held in Adelaide on Friday, with the fourth, and final, meeting being called for April 4.

Mr de Crespigny said he was still hopeful that Newcrest would support the Normandy merger, although the company had not said that this was its intention, "nor did we ask".

Normandy currently holds a 51 per cent interest in PosGold, its goldmining arm. PosGold, in turn, owns 31 per cent of GMK and 49 per cent of North Flinders. All are listed companies.

Newcrest, in turn, has a 14.9 per cent stake in Normandy, acquired in a stockmarket raid earlier this month, and about 12.5 per cent of PosGold. Newcrest was formed in 1990 when Australia's BHP and Newmont Mining in the US merged their Australian goldmining operations.

The latest jousting followed a presentation by Mr de Crespigny to the Newcrest board in Melbourne - a meeting which Normandy described as "pleasant" and Newcrest as "cordial".

Shares in Normandy closed 1 cent higher at A\$2.39, while Newcrest added 3 cents to A\$5.78.

Goldman Sachs, the US investment bank, has lifted its stake in Ampolx, the Australian energy group, to 7.1 per cent, through market purchases over the past three weeks. It previously held a 5.84 per cent interest. Ampolx is the subject of an unwanted bid from Mobil, the US oil group, worth around A\$1.24bn.

World's investors warm to Nice Systems

The Israeli high-tech company is taking advantage of its staff's experience in the country's military, writes Julian Ozanne

In one of Israel's "silicon valleys" industrial parks a small, little-known high-tech company is contributing to Israel's increasing penetration of the global market for telecommunications products.

Nice Systems, which primarily designs, develops, manufactures and markets high-quality digital recording, storage and retrieval systems, is rapidly emerging as one of Israel's success stories.

The company's dramatic growth in revenues, combined with its potential to exploit the rapid expansion in computer telephone integration (CTI) technology and the migration from analogue to digital recording, have made Nice a recent favourite of local and foreign investors.

A string of orders from blue-chip clients such as the London Stock Exchange, ABN Amro and the US Federal Aviation Administration, together with its technological edge in digital recording and voice processing products, have raised expectations that the company is poised to become a significant force in the CTI market which analysts expect to expand from \$1.5bn in 1995 to \$6bn by 2000.

Much depends on Nice's ability to strengthen significantly its marketing ability in a growing but highly competitive sector which is expected to experience dropping prices. But for the moment the company is experiencing a wave of investor confidence.

In January, Nice completed a successful \$18m public offering on the Nasdaq stock exchange in the US, and recently announced that for the first time it had broken even over a financial year. Results for calendar 1995 showed a 133 per cent increase in revenues, from \$9m in 1994 to \$21m. Gross profit increased 264 per cent to \$10.2m, or 48.3 per cent of sales, compared with \$2.8m, or 31.3 per cent, in 1994. Net

income was \$818,000 compared with a loss of \$5.7m in 1994. Earnings per share were 6 cents compared with a loss of 53 cents in 1994. The results reflected a dramatically improved fourth quarter.

Turning the profit corner, together with buy recommendations from some US investment houses, have led to a surge in the company's share price. Shares on Nasdaq were trading at \$124 yesterday, up 27 per cent on the \$10 January offer price.

The latest surge in the company's price comes after its shares on the Tel Aviv market have increased almost four-fold since last April, from yesterday's close of Shk93.69.

Such a dramatic run-up in the company's stock, with analysts estimating it is currently trading at a premium to other voice processing companies with a multiple of 25 times projected 1996 earnings, have raised questions about whether the company has become a classic case of high-tech investor hype.

But Lehman Brothers projects that revenues will more than triple in the next two years, from \$20.6m last year to \$42m in 1996 to \$66.5m in 1997, and the company will continue to improve its margins. Leh-

Originally Nice concentrated on military communications intelligence products, but in late 1991 it raised \$4m to finance its entry into the voice communications industry

man estimates earnings per share will rise from 1 cent in 1995 to 63 cents in 1996 and \$1.15 in 1997.

Like many of Israel's recent high-tech success stories, Nice was spun off from the military. It was set up in 1986 by a group of engineers who had spent years in Israel's military intelligence and communications departments and had a wealth of experience in commu-



David Arzi: "Better to be a leader in a smaller market than a fraction in big market"

nications systems design. Most of the people who left the military to enter the private sector and form Nice, like company president Mr Benny Levin and company chairman Mr David Arzi, remain firmly wedded to the company.

"It's a unique phenomenon that in the Israeli military you get very high responsibility, hands-on experience with big budgets, exposure to defence industries in Israel and US and the American entrepreneurial culture and this was part of

\$4m to finance its entry into the voice communications industry. In 1993 Nice formed NiceCom, a high-speed ATM networking subsidiary active in the data communications industry. But in the wake of the heavy merger and acquisition activity in the sector, Nice sold the company in 1994 to \$Com for \$53m.

The sale of NiceCom allowed Nice to concentrate on its two core businesses where it had a better chance of success - digital voice logging and military

communication. The digital voice-logging business has boomed since sales began in the second quarter of 1994, and provided about two-thirds of Nice revenues last year.

"We decided to focus on the sectors where Nice can be a market leader," Mr Arzi says. "It's better to be a leader in a smaller market where you can influence the market than be a fraction in a big market and

we aim to be the number one company in the voice logging sector."

The company has successfully penetrated two leading markets - financial trading floors and air traffic control systems.

Financial customers of its NiceLog system include Citibank, Deutsche Bank, Union Bank of Switzerland and the Sydney Futures Exchange. Last August Nice won a contract from the FAA for a potentially worth \$40m, to provide its digital voice logging system to 80 airports in the US.

The company's growth will also come from the large call-recording market such as telebanking and teleinsurance following a recent agreement between Nice and Northern Telecom of Canada. Nice's system will be installed in all of the call centres using Nortel's systems, which currently account for one-third of all US call centres.

The company is also planning to attack the public safety and emergency services recording market, which are set to convert from analogue to digital recording in the coming years.

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NOTICES HEREBY GIVEN OF THE ANNUAL GENERAL MEETING

to be held at the office of Julius Baer Bank and Trust Company Ltd., Kirk House, Grand Cayman, Cayman Islands, on the 1st day of April, 1996 at 10 a.m.

AGENDA

- To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1995 and the reports of the Directors and Auditors.
- To ratify the acts of Directors.
- To approve the appointment of Price Waterhouse as Auditors and authorize the Directors to fix the Auditors' remuneration.

By order of the Board

LIQUIBAER Julius Baer U.S. Dollar Fund Limited, P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder holding registered shares is entitled to attend and vote instead of him. A proxy need not be a shareholder of the company.

A shareholder holding bearer shares is entitled to attend and vote. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the Meeting of the bearer certificate or satisfactory evidence of the holding.

Such evidence may be obtained by depositing the certificate with the Agent listed below against written receipt, which must be produced at the Meeting. Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agent listed below.

There are no service contracts in existence between the Company and any of its Directors and none are proposed. Participating shares are listed on the London Stock Exchange and particulars of the Company are available in the EMI Statistical Service.

12th March, 1996.

SECRETARY AND REGISTRAR:
Julius Baer Bank and Trust Comp. Ltd., Kirk House, P.O. Box 1100, Grand Cayman, Cayman Islands.

AGENT:
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R = CAC 40 - P & C 3

where "CAC 40" = 1 773 and "CAC 40" on March 4, 1996 = 2 014. Therefore, interest payable against surrender of coupon n° 4 will be FRF 1 339, per denomination of FRF 100,000.

FRF 1995, per denomination of FRF 100,000.

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INTERNATIONAL COMPANIES AND FINANCE

CTC-VTR deal raises the stakes in Chilean telecoms

By Imogen Mark in Santiago

The deal between CTC and VTR, announced this week, signals a fresh alliance in Chile's competitive telecoms market.

CTC, controlled by Telefonica of Spain, and VTR, owned by SBC of the US and the Chilean Luksic group, will pool resources in the mobile phone business, including cellphones and paging. The new company will be owned 55 per cent by CTC and 45 per cent by VTR, which will pay \$67m to CTC to make up the difference between their asset contributions.

CTC's cellphone subsidiary holds one of the two concessions for the plum Santiago and Valparaiso regions, which contain half of all Chile's ABCI households. It will contribute 80,000 subscribers to the new venture. VTR holds one of the two concessions for the rest of the country and has 35,000 subscribers.

From May, the new company will be the first to offer full-service nationwide coverage. CTC and VTR already operate an informal roaming agreement to cover each other's subscribers. There are some 200,000 cellphone subscribers at present and the market is expected to grow to 800,000 by the end of

the decade. Total sales in 1995 were \$250m.

The new company will also combine its efforts in the field of personal communications systems (PCS), which are seen by some as a cheaper and more versatile development of cell-phones.

Though some telecom executives would have preferred the government to delay introducing PCS for some years because of the sizeable investments it will need, the government is committed to developing Chile's telecoms market as fast and as competitively as it can.

It was due to accept bids at the beginning of this month for three national PCS concessions, but the process was postponed by a court case brought by VTR which challenged the procedures.

The CTC-VTR company will be well-placed to give wide coverage quickly, which is one of the conditions for winning a licence. The alliance also helps reduce installation costs, which are substantial. Coverage of 75 per cent of national territory will cost an estimated \$100m and increasing that to 95 per cent will cost \$300m.

Ms Jane Winslow, analyst at Bankers Trust, welcomed news of the alliance. "It sees CTC taking major strides towards

becoming a more rational, smarter player, facing up to the new competitive environment after its long years as the monopoly operator, becoming a service-oriented company."

CTC is by far the biggest Chilean telecoms company, with sales last year of \$1bn and net income of \$270m.

The other leading contender for a PCS licence is Entel, formerly the long-distance monopoly carrier and still the market leader in long distance. Its Chilean controlling shareholder, Chilquinta, has recently signed a shareholder agreement with Stet of Italy and is still working out an arrangement with its new partner and Samsung of Korea, which also has a substantial holding.

Entel operates a cellphone concession outside the Santiago-Valparaiso region. It is understood to be in talks with the Chilean subsidiary of BellSouth of the US, and the fourth cellphone operator, which holds the other Santiago licence. An alliance between the two would share the same logic as the CTC-VTR link-up.

A third contender for a PCS licence is Telex-Chile, a smaller long-distance carrier, which is currently looking for a strategic partner to bring in new capital and know-how.

Bids may put \$2.5bn price tag on MGM

By Christopher Parkes in Los Angeles

The sale by international auction of Metro-Goldwyn-Mayer, a refurbished remnant of Hollywood's glory days, was officially opened yesterday by Lazard Freres, the investment bank.

The French-owned company, which has been revived in the past three years by chairman Mr Frank Mancuso, is expected to fetch between \$1.5bn and \$2.5bn after bidding closes later this year.

The announcement follows formal approval of the sale by the French government.

Mr Mancuso, who has more than doubled MGM's share of the US box office since he took charge in 1988, is believed to be rounding up financial support for a management buy-out offer for assets ranging from MGM and United Artists film studios to television properties and extensive film and home video libraries.

However, bidding may become highly competitive as media, entertainment and telecommunications companies continue the urgent search for routes to "convergence" following widespread integration of the US marketplace.

Other possible bidders, apart from US interests, include the PolyGram subsidiary of Philips of the Netherlands, Germany's Bertelsmann, and France's Chargeurs.

The group's television interests include MGM Gold, an international entertainment channel due to debut in Asia this year to be followed by similar ventures in Europe.

TV studios, reopened under Mr Mancuso's aegis, have two new series running on US broadcast channels, with more in the pipeline, including an animated series based on the film, *All Dogs Go To Heaven*.

Under Mr Mancuso the company has tapped a steady stream of successes, including *Get Shorty* and *Goldwyn*.

MGM's share of the US box office grew to 6.3 per cent last year - against 1.9 per cent in 1993 - and so far in 1996 has climbed to 7.6 per cent. In the three-year period to the end of 1995, gross takings at the domestic box office have jumped from \$95m to \$333m while international ticket sales have soared five-fold to \$150m.

Storm brews over RJR vote

By Richard Tomkins in New York

A dispute looks set to break out over the means used by corporate raiders Mr Bennett LeBow and Mr Carl Icahn last month in their bid to win shareholder support for a takeover of RJR Nabisco, the US tobacco and food group.

Mr LeBow's Brooke Group set a deadline of midnight on February 15 for shareholders to vote in favour of his spin-off proposal. But his company did not announce the result until five days later, on February 20.

At that stage, Brooke Group announced that Mr LeBow had triumphed, winning 50.4 per cent of the vote. The surprise result gave Mr LeBow and Mr Icahn the momentum they needed to press ahead with their proxy battle against RJR Nabisco.

After Brooke Group had completed its count, the voting slips were passed to an inde-

pendent inspector of elections for checking. Now, sources close to the checking process say the figures indicate that Mr LeBow had lost the vote by a narrow margin at midnight on February 15.

Close examination of the voting slips, the sources say, suggests that Mr LeBow was only able to claim ultimate victory in the poll because he counted votes received after his self-imposed deadline had passed.

The precise result may not make a great difference to the outcome, since the vote is not binding on RJR Nabisco and the company has vowed to ignore it. But RJR Nabisco seems likely to use the figures as a vindication of its statement on February 16 that the vote appeared to have gone against Mr LeBow.

If the figures are confirmed, RJR Nabisco is also likely to use the sequence of events as further ammunition with which to attack Mr LeBow's

credibility in the run-up to the company at its AGM on April 17.

Mr LeBow and Mr Icahn are trying to force RJR Nabisco into an immediate spin-off of its Nabisco food business, saying the move would increase value for shareholders. RJR Nabisco says an immediate spin-off risks legal action by anti-tobacco plaintiffs with litigation pending against the group.

A filing with the Securities and Exchange Commission shows that Mr LeBow and Mr Icahn have lifted their stake in RJR Nabisco from 4.8 per cent to 5.8 per cent since February 21, buying shares at prices ranging from \$33 to \$55. Mr LeBow's Brooke Group owns 5.18m shares and Mr Icahn owns 10.77m.

Mr LeBow and Mr Icahn are seeking shareholder support for the election of an alternate slate of directors who would support their spin-off plan.

Pooling resources to gain mass

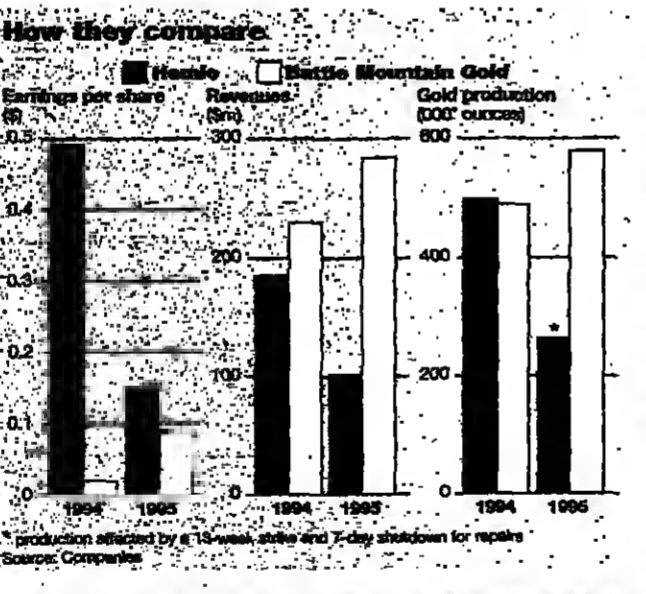
Bernard Simon on the proposed Battle Mountain-Hemlo merger

The trend towards consolidation in the international mining industry has moved another step forward with the proposed merger of Houston-based Battle Mountain Gold and Canada's Hemlo Gold to form North America's fifth-biggest gold producer.

The combined company, to be known as Battle Mountain, would produce more than 1m ounces of gold this year from nine mines in North America, Bolivia, Australia and Papua New Guinea. Its reserves would total about 13m ounces.

The two companies have proposed a US\$1.5bn share swap, with Hemlo shareholders receiving 1.43 Battle Mountain shares for each Hemlo share. The deal, which still requires shareholder approval, values Hemlo shares at C\$21.05, a 20 per cent premium to their market price prior to the announcement.

Noranda, the Canadian resources group which currently owns 44 per cent of Hemlo, would be the biggest shareholder in the combined group, with a 28 per cent stake. The two companies said the merger would make a good fit. Hemlo currently depends on its Golden Giant mine in northern



Ontario for about 90 per cent of its output. Mr Alan Thomas, Noranda's chief financial officer, said that Hemlo's growth potential "is not as great as we'd like it to be". Battle Mountain would gain access to Golden Giant's low-cost production. It would contribute well-established international operations which include the big Kori Kollo open-pit mine in Bolivia and an 8 per cent stake in the Libir gold project in Papua New Guinea as well as extensive exploration activities. However, Battle Mountain would acquire a headache in the form of Hemlo's 60 per cent interest in Crown Butte Resources, Crown Butte has raised a storm in US environmental and political circles by

proposing to build a mine close to Yellowstone National Park, one of the best-known tourist attractions in the US.

Hemlo shares bounced up by C\$1.75 to C\$21.13 in early trading on the Toronto exchange yesterday. Battle Mountain lost \$2 cents to US\$9.75 on the New York stock exchange.

Mr Todd Ehrlich, analyst at Everen Securities in Chicago, said Battle Mountain's exploration activities brightened Hemlo's growth prospects. But he expressed reservations about the short-term implications for Battle Mountain, noting that the US company was paying "top dollar" and that the addition of Hemlo would dilute its ratio of reserves to market value.

The deal is the latest in a series of mining mergers and acquisitions, especially in North America and Australia, which have been propelled by strong cash flows, high share prices, and by an appetite to expand reserves and diversify risk. Some industry executives believe that a handful of large multinationals are emerging that will come to dominate the industry.

BONGRAIN 1995 Results. At a meeting on the 8th of March 1996, the Board of Directors approved the 1995 annual accounts. The results are not influenced by changes in the consolidation structure. The activities of VESPREMTELLI (Hungary) and BONGRAIN EUROPA POLSKA (Poland) are consolidated by the equity method. The other companies in Central and Eastern Europe and the COMPAGNIE LATIERES EUROPEENNES activities are not consolidated.

SEND US YOUR OWN PAPERCLIP. And while you are at it, please attach your cheque too fund more Macmillan Nurses in the fight against cancer. (Did you know over one million people are living with it?) Enter amount £..... made out to 'CRMFP (P7)'. Send to: CRMFP FREEPOST LONDON SW3 3BR.

Eni logo and text: Il testo italiano prevale su quello inglese / The Italian text prevails over the translation into English. CONVOCAZIONE ASSEMBLEA ORDINARIA / NOTICE OF SHAREHOLDERS' MEETING. L'Assemblea degli Azionisti dell'ENI S.p.A. è convocata in sede ordinaria in Roma, Auditorium della Tecnica, Viale Tupini n. 65 per il giorno 12 aprile 1996 alle ore 10 in prima convocazione e, occorrendo, per il giorno 13 aprile 1996, stesso ora e luogo, in seconda convocazione per discutere e deliberare sul seguente Ordine del giorno.

COMPANY NEWS: UK

'Orphan estate' of up to £5bn may be used to pay for purchase of mutual life assurer

Pru shares rise on hope of access to life fund

By Alison Smith, Investment Correspondent

Shareholders in Prudential Corporation, the UK's largest life insurer, could gain access to some of the unattributed assets in its long-term life fund, following discussions with the Department of Trade and Industry. The shares rose steeply on the news, finishing the day 27p up at 46p.

The Pru's announcement that it was discussing the issue with the DTI came as it

revealed 1995 pre-tax profits of £1.04bn (\$1.59bn), compared with £958m.

Analysts' estimates of the unattributed assets - or "orphan estate" - range up to £5bn. But shareholders will have to wait perhaps 12 to 18 months for the DTI talks to end and the potential benefit to become clearer.

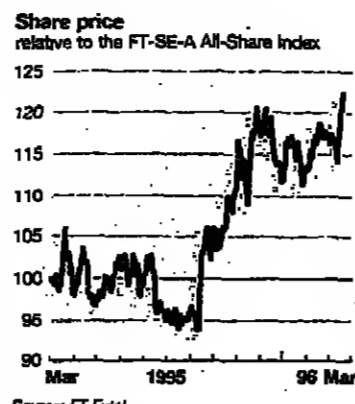
An "orphan estate" is the amount in a with-profits life fund beyond what is needed to meet the reasonable expectations of policyholders.

Prudential is late in raising this issue with the DTI.

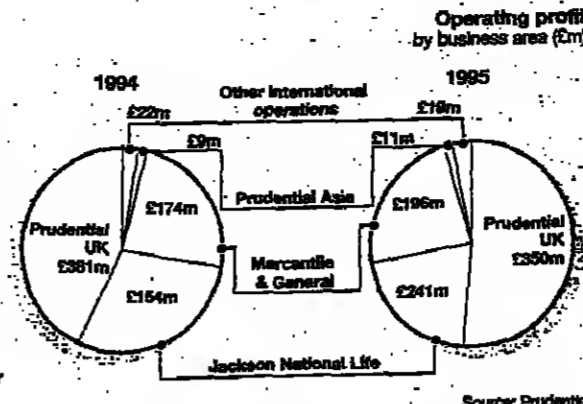
He also raised the possibility that the Pru might use the fund to buy a mutual life assurer, as one way of enabling it to reach more customers through an additional method of selling.

The Pru said last year it was interested in buying within the UK life sector, though Mr Davis did not confine himself to this area yesterday, raising speculation that the group might seek to buy a bank or

Prudential



Source: FT Equity



Source: Prudential

building society. It plans to launch a mortgage lending and retail savings bank in October, selling

mainly to its existing customer base, but through the low-cost channels of the telephone and post. Mr Davis said that over

time this operation could be expanded to include a wider range of financial services. Lex, Page 12

Williams plans £200m of acquisitions

By David Wighton

Williams Holdings, the diversified industrial group, is in talks to acquire businesses worth more than £200m (£306m), including its first manufacturing operation in South America.

Mr Nigel Rudd, chairman, stressed that not all the deals might be concluded, but said Williams was in a financial position to take advantage of a large number of opportunities in its core businesses. "We have the financial headroom to capitalise on a deal flow which is better than it has

ever been." In addition, Mr Rudd said Williams was talking to potential buyers of its electronics businesses, where profits recovered to about £7m on sales of nearly £100m last year.

The group yesterday announced a 14 per cent increase in 1995 pre-tax profits to £238.3m. Excluding a \$9.1m gain on the November flotation of Cortworth, the specialist engineering company, profits were 9 per cent ahead.

Underlying earnings per share were 2 per cent better at 22.5p, reflecting slightly higher tax and a full year's impact of the

£267m rights issue in 1994. This has left Williams with a strong balance sheet, in spite of spending £350m over the past two years on acquisitions and capital investment. Last year, capital spending rose 32 per cent to £51.5m, while £61.2m went on acquisitions. Year-end gearing was only 19 per cent, on shareholders' funds of £501.6m, with interest cover of 18 times.

Mr Rudd said a lot of effort had gone into the globalisation of its security and fire safety operations. The process led last month to the announcement of Williams' first investment in China.

Schroders' executives to build up UK equities

By Nicholas Denton

Schroders, the UK investment bank, has hired two executives to build up UK equities research and sales on the eve of an expected announcement of a further expansion of its securities business.

The bank is appointing Mr Peter Wellington as head of UK research and media analyst, it confirmed yesterday, and Mr

Richard Wyatt is joining as head of institutional sales.

The two men, who were head of equity research, and of equities respectively at NatWest Securities, are following Mr Philip Augar, who left National Westminster to head Schroder Securities a year ago.

Analysts expect Schroders' pre-tax profits to be near £300m for 1995, against £195.4m in 1994 and £196.5m in 1993.

DIGEST

Cordiant incurs loss of £23m

Cordiant, the advertising group which includes Saatchi & Saatchi, yesterday said it was "drawing a curtain on a chapter in the company's history", as it announced pre-tax losses for 1995 of £22.6m (£85m). The company is now debt-free, following a £127m rights issue last year.

However, it is still recovering from the revenue consequences of the ousting of Mr Maurice Saatchi as chairman and the loss of senior staff and important clients. Client defections totalled £40m in annual revenue, which has now been replaced with new business, said Cordiant.

Cordiant plans to declare a dividend in March 1997, the first for seven years. Diane Summers

Art and jewels lift Christies

A substantial improvement in demand for works of art enabled Christies International, the fine art auctioneer, to report a 38 per cent profits rise in 1995.

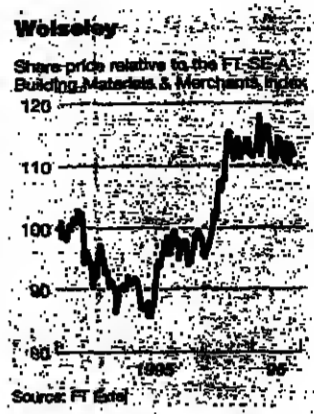
The results reflected in particular the key area of Impressionist and Modern art where auction sales last year were 67 per cent higher. Jewels also showed a sharp gain, with sales up 37 per cent to £156m. Anthony Thornton

Wolseley warns on full year

Recovery in the UK housing market is likely to come too late to prevent Wolseley's

annual pre-tax profits falling below last year's level, Mr Jeremy Lancaster, chairman and managing director of the building products distribution group, warned yesterday.

Mr Lancaster's caution came as the company announced a 5 per cent fall in pre-tax profits to £110.97m (£117.26m) for the six months to the end of January. The group blamed the dip on problems at its UK electrical accessories business, where cut-price competition from south-east Asian manufacturers forced it to close its factory in Cumbria. There was also a downturn at its North Carolina lumber business. Andrew Taylor



Source: FT Equity

RTZ-CRA £49m pension boost

RTZ-CRA, the newly merged Anglo-Australian mining group, is to benefit from a repayment of about £49m (£75m) from RTZ's three UK pension schemes which have been performing strongly since the mid-1980s. The company announced yesterday that surpluses in the funds, which have been performing at about one percentage point above the average since 1984, are in excess of limits laid down by the Inland Revenue. Jim Kelly

Liffe Emu contract settlement

The London International Financial Futures and Options Exchange (Liffe), in a ground-breaking move to prepare for European monetary union, has decided its contracts will settle against euro rates for all currencies participating in Emu. This will apply even if active markets for domestic currencies continue to run in parallel with the new euro market. The decision covers futures contracts on three month D-Mark ("euromark") and three month sterling ("short sterling") interest rates. Simer Iskandar

At BZW we have never lost sight of one overriding business principle. Unless we continue to be brighter and better than our competition, we have little future. So, from advice to implementation, we firmly believe that as no two clients are the same, then no two answers should be. That's why we prefer to bring together the brains and brawn of our global network to fit your particular requirement. Which is what we call using our intelligence.

INVESTMENT BANKING. FROM A TO



REGULATED BY SFA AND IMRO

A DIVISION OF BARCLAYS BANK PLC

intrum justitia

(Registered in Curaçao No. 41415)

Notice of Special General Meeting

The shareholders of Intrum Justitia NV, the "Company", are hereby given notice to attend a Special General Meeting of Shareholders which will be held on Friday, 5 April, 1996 at 10.00 hours, at the registered offices of the Company, Chumaceroikade 3, Willemstad, Curaçao, Netherlands Antilles.

The following items are on the agenda for this Meeting:

1. The adoption of the Intrum Justitia, 1996 Senior Executive Share Bonus Plan.
2. The authorisation of the Company to purchase its own shares from its capital.

The circular to shareholders dated 12 March, 1996 can be obtained from the following places: the Registered Office of the Company, Intrum Justitia NV, Chumaceroikade 3, Willemstad, Curaçao, Netherlands Antilles; The Registrar, at The Royal Bank of Scotland plc, P.O. Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, Scotland; Kredietbank S.A. Luxembourg, 43 Boulevard Royal, L-2955 Luxembourg, Luxembourg; and James Capel & Co, Thames Exchange, 10 Queen Street Place, London EC4R 1BL, United Kingdom.

Shareholders can attend the meeting in person or may be represented at the meeting by proxy. If any shareholder wishes to be represented at the meeting by proxy then the holders of the registered shares are requested to complete a proxy form together with their voting instructions and mail these to The Registrar:

The Royal Bank of Scotland plc,
P.O. Box 457,
Owen House,
8 Bankhead Crossway North,
Edinburgh EH11 0XG, Scotland

Holders of bearer shares are requested to deposit their shares with a bank and to arrange for the completion and execution of a certificate of deposit which should be sent with the proxy forms and voting instructions so as to be received by The Royal Bank of Scotland no later than 2 April, 1996 at 10.00 hours.

12 March, 1996.

Notice to Bondholders

Kia Precision Works Co., Ltd

(Incorporated in the Republic of Korea with limited liability)

(the "Company")

U.S. \$18,000,000

0.5 per cent Convertible Bonds 2009

(the "Bonds")

Pursuant to provision 6(B) of the Trust Deed dated 14th July, 1994 constituting the Bonds, notice is hereby given as follows:

A stock Dividend to increase the Company's paid-in capital was authorised by a resolution of the Board of Directors of the Company passed on 16th December, 1995 as follows:

1. Record date: 31st December, 1995.
2. The Stock Dividend ratio was 2.0% of paid-in capital.
3. Number of shares to be issued: number of common shares to be increased by 106,320.
4. Conversion price has been adjusted from 17,822 to 17,636 (pursuant to the provisions of the Trust Deed, effective retroactively to immediately after the record date).

The schedule of the Stock Dividend was submitted to the Shareholder's Meeting which was held on 29th February, 1996, and it was passed during the meeting to the company's original intention without material objections from the shareholders.

By: Kia Precision Works Co., Ltd

Dongshin Securities Co., Ltd.

13th March, 1996

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Resulting

In the fight against disease, this could be the most powerful weapon yet.



It's not magic. But it may yet work miracles.

This is the trademark of a completely different kind of pharmaceutical venture.

The recently-merged Pharmacia & Upjohn.

It's a partnership that has created a company of quite remarkable depth and scope: over 30,000 people working in 50 countries and serving 200 million people around the world.

And it's for those 200 million people that this announcement should come as very good news.

Because the merger will give two pools of specialised medical talent the opportunity to work together for the first time ever.

Resulting in real, tangible benefits in the fight

against cancer, AIDS, infectious diseases and many other medical conditions.

This merger is not simply a matter of shared resources, however.

It is also about shared ideals.

Our trademark stands as a symbol for humanity, hope and inspiration.

Values that we intend to apply to every single aspect of the way we do business.

You are surprised to hear such sentiments coming from a global pharmaceutical company?

This is not the last time we'll be surprising you.

You can be sure of that.



Pharmacia & Upjohn

COMMODITIES AND AGRICULTURE

Fungus scare hits Chicago wheat futures

By Alison Maitland in London and Reuters in Washington
The US Department of Agriculture said yesterday it had halted the issue of fungicide certificates for wheat exports to 21 countries following the discovery of a fungus in durum wheat seed in Arizona.

Chicago wheat futures contract in Chicago was down 7/8 cents at \$4.84 a bushel by lunchtime after falling to \$4.79 on fears about the prospects for US wheat exports. It closed down 8 1/2 cents at \$4.83.

Mr Jerry Ghel, agricultural analyst at Dean Witter Reynolds in Chicago, said: "It's been quite emotional. We've got lots of confusion. But the short-term impact should be controllable".

Another US trader said the situation should not be overplayed. Arizona produced about 1.5m bushels of durum wheat a year for local milling, not export, compared with the 600m bushels of wheat grown in a big producing state like Kansas.

Wheat prices are already high, having surged over the past nine months as poor harvests in major producing countries helped push world stocks to their lowest levels in 20 years. The European Union has imposed export taxes on wheat and barley to prevent internal prices rising further.

Greece aims to unblock protest-hit gold project

By Kerin Hope in Athens
The Greek government would try to stop environmental protesters who have blocked a \$200m gold-extraction project in northern Greece by TVX Hellas, a subsidiary of TVX Gold of Canada, officials said this week.

Table with 2 columns: Commodity, Price. Includes Aluminum, Aluminum alloy, Copper, Lead, Nickel, Zinc, Tin.

government officials would be given detailed briefings on measures being taken to protect the environment. TVX Hellas has said it will spend \$7m on environmental protection measures at Kassandra, including infilling of disused mines and other measures to prevent ground water contamination.

Ukrainian farmers seek glory in the free market

Matthew Kaminski on the start of the country's collective farm reorganisation programme
The collective farm workers were their Sunday best. A red banner hanging above the assembly hall stage bore the legend: "Work brings glory and fame".



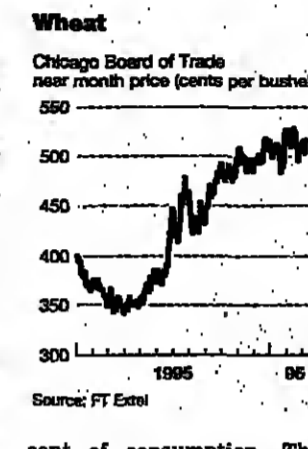
open a mineral water bottling company at the farm. "We've spent our whole lives on the collective and we're out there what? It's like, 'I'm not sure what I'm doing, but I'm doing it'."

another 14 per cent of Ukraine's economic output. But the commitment to central planning policies, broken trade links and a generally spiralling economy quickly took a toll after the Soviet collapse.

tant social role in the east Slavic lands. It is the village community, which many fear will be destroyed by division. In economic terms, a reorganisation must balance equity with efficiency.

'Further grain prices rises likely'

By Alison Maitland
World demand for grains has not fallen enough in response to high prices to balance supply and further price increases are likely this year, according to the World Bank.



"Some increase in area is expected in the US, however, as land flooded last summer is returned to production." The bank confirms the growing view that prospects for the next northern hemisphere wheat crop appear good.

The assets will be divided at such meetings. In committees formed in previous weeks, 17 new farms were created and usually the workers living nearby cast in their lot with them. Ten families chose to start their own farms.

Some new enterprises were also set up by some members, often the better educated specialists, who tried to entice others to join their new private companies with their share of the assets, such as tractors or stables.

But the model was first used in Nizhny Novgorod, in central Russia, and then expanded to other regions. Since 1992, 81 farms have been transferred to the private sector.

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COMMODITIES PRICES

BASE METALS

Table of London Metal Exchange prices for Aluminum, Copper, Lead, Nickel, Tin, Zinc.

Precious Metals continued

Table of Gold, Silver, Platinum, Palladium prices.

GRAINS AND OIL SEEDS

Table of Wheat, Corn, Soybean, Maize, Barley prices.

SOFTS

Table of Cocoa, Coffee prices.

MEAT AND LIVESTOCK

Table of Live Cattle, Live Hogs prices.

ENERGY

Table of Crude Oil, Heating Oil, Gas Oil prices.

PRECIOUS METALS

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Table of Live Cattle, Live Hogs prices.

JOTTER PAD

Table of LONDON TRADED OPTIONS for Aluminum, Copper, Coffee, Soybean, etc.

CROSSWORD

Crossword puzzle grid with clues.

SOLUTIONS

Solutions to the crossword puzzle.

PRECIOUS METALS

Table of Gold, Silver, Platinum, Palladium prices.

UNLEADED GASOLINE

Table of Unleaded Gasoline prices.

FUTURES DATA

Table of Futures Data for various commodities.

INDICES

Table of Market Indices.

VOLUME DATA

Table of Volume Data for various commodities.

MINOR METALS

Table of Minor Metals prices.

MINOR METALS

Table of Minor Metals prices.

MINOR METALS

Table of Minor Metals prices.

INTERNATIONAL CAPITAL MARKETS

Europe loses gains after Treasuries move lower

By Samer Iskandar in London and Lisa Branstetter in New York

European bond markets opened higher yesterday morning in Europe, capitalising on the positive mood in late trading in the US on Monday. But later in the day they suffered from profit-taking when Treasuries were hit early in the New York session.

ret, an international economist at HSBC Markets. He still believes that economic fundamentals in Europe are encouraging, but says "fundamentals are not driving the market".

Instead, European debt yields seem still unable to decouple from US Treasuries. Observers also warn of possible mood swings, as the market could well "remain shaky in the short term".

Longer-term, however, Mr Wrettt is bullish and believes that the recent correction has offered good buying opportunities. He nonetheless warns that "it will take a major event, such as an easing in official German rates by the Bundesbank", to put European markets back on the right track.

However, few observers expect the German central bank to ease monetary policy

after tomorrow's fortnightly meeting, or even in coming weeks, not least because "the council (of the Bundesbank) hates volatile markets and will not risk a negative reaction".

Market participants in Europe are therefore likely to

continue focusing on releases of US economic data for inspiration in the near future.

A jump in new car sales in early March was one factor sending US Treasury prices lower in early trading yesterday, pushing the yield on the benchmark 30-year bond above 6.7 per cent.

Near midday, the long bond was a full point lower at 90 1/2,

reversing nearly all the gains made on Monday as the market recovered from Friday's sell-off. The yield was 6.710 per cent. At the short end, the two year note was 1/2 lower at 98 1/2, yielding 6.738 per cent.

Trading was jittery as investors struggled to assess the strength of the US economy. The market tumbled on Friday on news that employment growth in February was more than double what analysts had expected, but bonds regained their footing on Monday as many investors decided that the jobs data might not have been an accurate indicator of the state of the economy.

Yesterday, investors chose to focus on the stronger of the day's two releases of economic figures. CNW Marketing said new car sales rose 15.2 per cent in the first 10 days of March.

Meanwhile, the Federal Reserve Bank of Atlanta said its index of business activity in the south-eastern US fell to a negative 14.9 in February from a negative 13.2 in January. But while those figures contradicted last week's strong employment numbers, the report was worrisome to the market because the Atlanta Fed said most of its indicators of future business activity had "rebounded noticeably".

UK gilts ended lower, with Life's June future settling at 104 1/2, down 1/2. In after-hours trading, the contract was still losing ground, reaching a low of 103 1/2 late in the afternoon. The June short sterling contract closed up 0.04 at 93.91.

Some observers were concerned that if volatility remained as high as in recent

days, demand for gilts by final investors could be dampened, which might affect the Treasury's next auction.

German bunds also lost ground during and after the official trading session. The June contract on 10-year bunds, listed on Life, settled at 95.19, down 0.37. In after-hours screen-based trading, the price fell further, breaking the 95.00 and 94.90 barriers.

French OATs ended lower in the wake of US Treasuries and bunds. The March notional contract on Matif closed at 120.58, down 0.22, and was edging lower after the official close. On Globex late in the afternoon, it reached a low of 120.52. The spread of 10-year OATs over bunds widened by 3 basis points to 16 points.

Flurry of deals in store after M&A spree last year

By Antonia Sharpe

The syndicated loans market is poised for a flurry of financings related to leveraged or management buy-outs in the coming weeks.

Attracting the most attention is the financing for the \$300m management buy-out of Dunlop Slazenger, one of the

SYNDICATED LOANS

world's leading sports goods manufacturers, from BTR, the UK industrial conglomerate.

NatWest is arranging senior debt facilities of up to £162.5m, including acquisition term finance and ongoing working capital and trade finance. Syndication is likely to start in the next three to four weeks.

NatWest declined to comment on pricing or provide any other details at this stage. Bankers said margins on recent buy-out financings had ranged from 175 to 200 basis points over Libor.

This area of the market is expected to remain buoyant in the coming months as the mergers and acquisitions spree of the last year results in the disposal of companies which are seen to be non-core businesses within the new groups.

However, it appears that banks involved in leveraged financings are acting more conservatively than in the late 1990s. For example, they require a greater equity investment before they agree to finance buy-outs.

Among other transactions in the market, bankers expect the \$500m seven-year revolving credit facility for Saint-Gobain, the French glass and materials group, to be doubled because of strong demand from banks to participate.

The loan, being arranged by

ABN Amro, Chemical Bank and Deutsche Morgan Grenfell, carries a margin of 125 basis points over Libor for the first five years, then 150 points over. Bankers also report that the syndication of the \$1bn facility for Anglo American Corporation, the South African mining and industrial conglomerate, has gone well and a strong group has been formed.

Meanwhile, general syndication of the £2.5bn facility for Granada, the UK TV and leisure group, to finance its takeover of hotels group Fortis, has closed. Nine banks joined the three arrangers, ABN Amro, BZW and Chemical, and 16 sub-underwriters.

EZW has also completed a \$1bn 364-day refinancing for Salomon Brothers which will be signed on Friday. The facility is secured against securities held by Salomon.

Zagrebacka Banka, Croatia's second-largest bank, last week became the country's first private-sector borrower to tap the international syndicated loans market, with the signing of its \$180m one-year facility, writes Gavin Gray in Zagreb.

The loan was heavily oversubscribed and increased from \$180m. Joint arrangers were Creditanstalt, Dresdner Bank and Union Bank of Switzerland, and 27 other banks joined the syndicate.

The spread was 300 basis points over Libor, 30 basis points wider than the first Croatian syndication, a DMEGM government-guaranteed facility arranged in January.

Mr Franjo Lukovic, the bank's chairman, said it intended to raise a medium-term facility later this year, once the Croatian government has reached an agreement with international creditors on what share it will assume of the former Yugoslav bank debt.

First fixed-rate offering under UK Private Finance Initiative

By Corner Middelmann

Although the mood in the primary eurobond market remained cautious, the sector saw several floating-rate note offerings, the largest-ever asset-backed securities deal and the first fixed-rate issue under the UK government's Private Finance Initiative.

The latter, £163m of bonds for Road Management Consolidated yielding 80 basis points over gilts, was fully placed by the time it was officially launched, according to lead managers Lehman Brothers and SBC Warburg.

The deal is the first large sterling bond to be structured as a "deferred annuity" - where principal is to be repaid along with interest from December 2000 to the bonds' maturity in 2021. The issue is guaranteed by AMBAC, a US monoline insurer with triple-A rated claims paying ratings.

The restructuring of debts of GPA, the Ireland-based aircraft leasing group, finally got under way yesterday when Airplanes Group, a separate special-purpose vehicle, launched the securitisation of a \$4.5bn portfolio of aircraft on operating

INTERNATIONAL BONDS

leases, the largest asset-backed transaction to date, raising \$4.05bn.

Some of the proceeds will be used to pay down GPA bank debt maturing in September 1997 and help it meet \$1.6bn of other obligations.

The deal repackages the cash flows from GPA's 229 aircraft currently under lease to 83 airlines. The global offering includes five double-A rated senior classes worth some \$2.9bn, three subordinate tranches totalling around

\$1.2bn and a portion to be retained by GPA. The transaction will be priced today, said book-runner Morgan Stanley.

The floating-rate sector saw a flurry of deals, with borrowers taking advantage of the recent shift in sentiment from fixed-rate assets amid interest-rate uncertainty. However, most deals were slow to get moving, partly due to their relatively aggressive pricing.

Among sovereign borrowers, Portugal issued DM1.5bn of five-year notes yielding one basis point below Libor at the offer price and the Hellenic Republic issued \$500m of seven-year notes priced to yield 64 basis points over Libor.

Ford Motor Credit Corp issued a \$300m five-year floater which, according to lead manager HSBC Markets, benefited from the Bank of England's recent adoption of BIS guidelines for risk weightings of corporate bonds. Since January,

NEW INTERNATIONAL BOND ISSUES

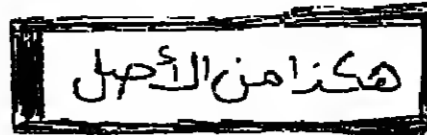
Table with columns: Amount in \$m, Coupon %, Price, Maturity, Fees %, Spread bp, Book-runner. Lists various international bond issues from countries like Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, and US.

Final terms, non-callable unless stated. Yield spread over relevant government bonds at launch supplied by lead manager. \$/100m equals 100,000. Floating-rate notes: \$/100m equals 100,000. Fixed-rate notes: \$/100m equals 100,000. Redemption at 100% on any payment date +50bps step-up at feature. (a) O-A: \$/100m. Maturity: Mar 03, Oct 03, Class A-3: amortizing note, redeemable at par. (b) \$/100m. Maturity: Mar 1999, 11/1999, 8/2000, 5/2001, 2/2002, 11/2002, 8/2003, 5/2004, 2/2005, 11/2005, 8/2006, 5/2007, 2/2008, 11/2008, 8/2009, 5/2010, 2/2011, 11/2011, 8/2012, 5/2013, 2/2014, 11/2014, 8/2015, 5/2016, 2/2017, 11/2017, 8/2018, 5/2019, 2/2020, 11/2020, 8/2021, 5/2022, 2/2023, 11/2023, 8/2024, 5/2025, 2/2026, 11/2026, 8/2027, 5/2028, 2/2029, 11/2029, 8/2030, 5/2031, 2/2032, 11/2032, 8/2033, 5/2034, 2/2035, 11/2035, 8/2036, 5/2037, 2/2038, 11/2038, 8/2039, 5/2040, 2/2041, 11/2041, 8/2042, 5/2043, 2/2044, 11/2044, 8/2045, 5/2046, 2/2047, 11/2047, 8/2048, 5/2049, 2/2050, 11/2050, 8/2051, 5/2052, 2/2053, 11/2053, 8/2054, 5/2055, 2/2056, 11/2056, 8/2057, 5/2058, 2/2059, 11/2059, 8/2060, 5/2061, 2/2062, 11/2062, 8/2063, 5/2064, 2/2065, 11/2065, 8/2066, 5/2067, 2/2068, 11/2068, 8/2069, 5/2070, 2/2071, 11/2071, 8/2072, 5/2073, 2/2074, 11/2074, 8/2075, 5/2076, 2/2077, 11/2077, 8/2078, 5/2079, 2/2080, 11/2080, 8/2081, 5/2082, 2/2083, 11/2083, 8/2084, 5/2085, 2/2086, 11/2086, 8/2087, 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deals in M&A ear

Foreign exchanges endured another frustrating day yesterday with currencies remaining largely inured from the tensions evident elsewhere in bond and equity markets.

There was little price movement in Europe, with most traders preferring to take to the sidelines ahead of Thursday's Bundesbank council meeting. The D-Mark closed at FF3.423 from FF3.427.



MARKETS REPORT

Currencies idle as bonds and equities dominate

Local nervousness following the announcement of a by-election date, which is likely to see the government's majority cut to one from two, finished at DM2.2501, from DM2.2592. Against the dollar it closed at \$1.5189, from \$1.5242.

despite turmoil in asset markets, especially after the Federal Reserve raised interest rates. He said it was not until the volatility in the underlying markets had resolved itself that volatility returned to the currency markets.

Mr Koo concludes that short yen/dollar positions have become "extremely risky", and with investors less likely to build these positions, "the resulting supply/demand conditions should push the yen up versus the dollar."

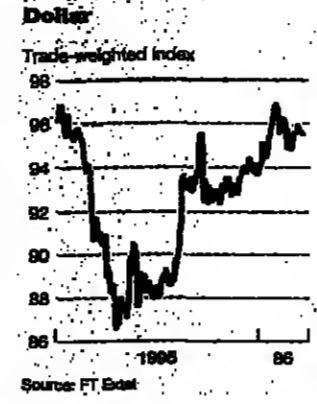


Table with columns: Mar 12, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, Bank of England index.

Table with columns: Mar 12, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, JP Morgan index.

Table with columns: Mar 12, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, JP Morgan index.

Table with columns: Mar 12, Bid, Offer, DM, FF, L, H, NG, Es, Pla, SKR, SFV, S, CS, Y, Est.

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Table with columns: Mar 12, Bid, Offer, DM, FF, L, H, NG, Es, Pla, SKR, SFV, S, CS, Y, Est.

WORLD INTEREST RATES

Table with columns: March 12, Over night, One month, Three months, Six months, One year, Lomb. Dis. rate, Repo rate.

Table with columns: Mar 12, Bid, Offer, DM, FF, L, H, NG, Es, Pla, SKR, SFV, S, CS, Y, Est.

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks and Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks and Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, price, and change.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, price, and change.

OVERSIEVED INDUSTRIALS

Table listing companies in the Oversieved Industrials sector with columns for company name, price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Equipment sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of the Electronic & Electrical Equipment sector table.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, price, and change.

ENGINEERING - Cont.

Continuation of the Engineering sector table.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

EXTRACTIVE INDUSTRIES

Continuation of the Extractive Industries sector table.

HEALTH CARE - Cont.

Continuation of the Health Care sector table.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

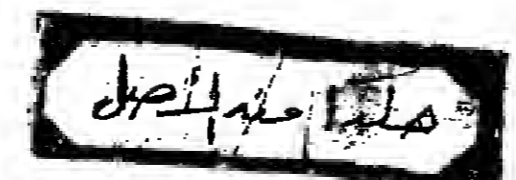
INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

INVESTMENT TRUSTS

Continuation of the Investment Trusts sector table.

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LONDON SHARE SERVICE

ENVIRONMENTAL TRUSTS SPLIT CAPITAL - Cont.

Table listing environmental trusts with columns for company name, share price, and other financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for company name, share price, and other financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for company name, share price, and other financial data.

PROPERTY - Cont.

Table listing property companies with columns for company name, share price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for company name, share price, and other financial data.

AIM - Cont.

Table listing AIM companies with columns for company name, share price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company name, share price, and other financial data.

LIFE ASSURANCE

Table listing life assurance companies with columns for company name, share price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for company name, share price, and other financial data.

RETAILERS, FOOD

Table listing retailers and food companies with columns for company name, share price, and other financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for company name, share price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, share price, and other financial data.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for company name, share price, and other financial data.

MEDIA

Table listing media companies with columns for company name, share price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, share price, and other financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for company name, share price, and other financial data.

TOBACCO

Table listing tobacco companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, share price, and other financial data.

ENBC logo and advertisement: Demand currency changes immediately. Call 0990 11 55 55.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for company name, share price, and other financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for company name, share price, and other financial data.

TRANSPORT

Table listing transport companies with columns for company name, share price, and other financial data.

SOUTH AFRICANS

Table listing South African companies with columns for company name, share price, and other financial data.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Data, a member of the Financial Times Group. Company descriptions are based on those used for the FT-SE 100 Index.



FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing fund names, managers, and prices for Bermuda (SIB Recognised) funds.

BERMUDA (REGULATED)**

Table listing fund names, managers, and prices for Bermuda (Regulated) funds.

GUERNSEY (SIB RECOGNISED)

Table listing fund names, managers, and prices for Guernsey (SIB Recognised) funds.

IRELAND (SIB RECOGNISED)

Table listing fund names, managers, and prices for Ireland (SIB Recognised) funds.

IRELAND (REGULATED)**

Table listing fund names, managers, and prices for Ireland (Regulated) funds.

Table listing fund names, managers, and prices for various international funds.

GUERNSEY (REGULATED)**

Table listing fund names, managers, and prices for Guernsey (Regulated) funds.

IRELAND (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 875 4378 for more details.

Main table containing various fund names, descriptions, and prices. Includes sections for 'OFFSHORE INSURANCES' and 'OTHER OFFSHORE FUNDS'.

Vertical text on the left margin: 1996, boost, ement, titia, lvingine, Co. Ltd

MANAGED FUNDS NOTES: Please refer to the notes on the back of this page... The fund prices on this page are available on the internet at www.ft.com

LONDON STOCK EXCHANGE

MARKET REPORT

Another bout of Wall St jitters upsets equities

By Steve Thompson, UK Stock Market Editor

Another big sell-off on Wall Street, where the Dow Jones Industrial Average dropped more than 60 points shortly after the opening...

The FT-SE Mid 250 index closed 10.7 firmer at 4,222.7. Wall Street's latest decline caused extreme nervousness in global markets...

30-year bond was down 1/4 shortly after London closed. "The bond market, as always, remains the key to Wall Street and Europe..."

strong support level of Dm1.48. The drama during the afternoon was in stark contrast to the market mood at the opening...

selling of US bonds in the Far East and Europe provided a pointer to equity markets. No customer support was forthcoming...

FT-SE-A All-Share Index

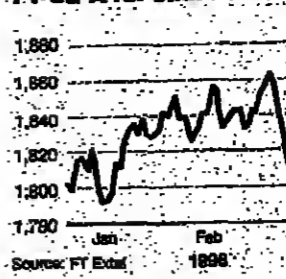


Table with columns: Index, Change, % Change. Rows include FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, FT-SE-A All-Share yield.

Table with columns: Sector, Change, % Change. Rows include Life Assurance, Electronic & Elec, Leisure & Hotels, Building & Cons, Engineering, Vehicles.

Equity Interest

Table with columns: Index, Change, % Change. Rows include FT Ordinary index, FT-SE-A Non Fine p/e, FT-SE 100 P/E, 10 yr Govt yield, Long gilt/Equity yield ratio.

Falls in bonds hit banks

Leading bank stocks fell sharply on a combination of bond market weakness, the political situation in China and mortgage price war worries.

The nine biggest fallers in the Footsie were all financials and, collectively, they accounted for nearly 30 per cent of the Footsie's decline yesterday.

Firstly, bond prices have been falling and the banks sector has tended to decline relative to the debt market in such circumstances.

Secondly, the Chinese military manoeuvres off the coast of Taiwan have made investors nervous about political stability in the Far East...

sector, Hambros rose 7 to 293p as Credit Lyonnais Laing raised its current year profits forecast by almost 30 per cent.

Big BAT trade. Chunky volume in BAT Industries, combined with a sharp fall in the share price, prompted worries about fundamental selling.

But it appeared later that the turnover of 28m shares by the close represented the first half of a so-called "bed and breakfast" deal.

Dealers expect similar volume in the stock to be recorded today as the other half of the B&B goes through. BAT shed 14 to 540p.

On top of that, the full-year figures came in at the high end of analysts' predictions and some forecasts were being moved higher.

British Aerospace followed a buy note from Credit Lyonnais Laing. The shares, which had touched a low point in their recent trading range, jumped 20 to 877p as the broker argued that positive news on cashflow, tax and industry consolidation was yet to be reflected in the rating.

Sentiment was also helped by a news wire interview with rival aircraft maker Fokker suggesting that the Dutch group had begun to write off hopes for a rescue takeover.

The results from TI Group were broadly in line with broker estimates, but the meeting with analysts was said to be very relaxed and confident.

BZW moved up by 66m to £210m for this year, partly on TI's acquisition plans. The shares added 6 to 496p.

GKN continued to move smoothly forward, rising a further 3/4 to 510p. Since last Thursday's upbeat results statement the shares have put on more than 50p.

Sentiment continued to improve at leading conglomerate Hanson, following news that the group's Canadian forestry disposals were set to bring in £300m more than the £1bn initially expected.

The shares put on 3/4 at 182p in 12m trading. Broker forecasts for 1996 range from 225p to 250p.

turnover was the heaviest for three years. BZW cut back its earnings estimates by 15m to £235m for this year.

A number of other brokers tweaked next year's forecasts lower too, but the mood was not universally negative. The shares have had a strong run lately, coming up from 375p since October, and there was said to be long-term buyers around yesterday.

Amey continued to advance on the back of the recent rail management acquisition. The shares added 11 to 185p for a three-day gain of more than 50 per cent.

Yorkshire-Tyne Tees TV slipped 2 to 99p despite an impressive rise in the full-year dividend. There was some disappointment with advertising revenue and the company said Granada, which has 24 per cent of the group, was unlikely to make a hostile bid.

Canadian Pizza added 5 to 80p following a buy note from ABN Amro Hoare Govett.

LONDON RECENT ISSUES: EQUITIES. Issue price, amt, date, yield, div, etc. Includes B&W, GKN, Hanson, etc.

NatWest Securities circulated an add note on a BTE ahead of tomorrow's results statement. The shares softened to 322p.

In the regional electricity sector, Yorkshire stood out with a rise of 25 to 795p although volume was unremarkable.

Cable and Wireless lost a third of its share price, retreating 10 to 97p on profit-taking. The shares were again well dealt in turnover of 9.7m, following press revelations that the recent talks with BT had revolved around the possibility of C&W making a reverse takeover for the telecoms giant.

A blunt warning of lower profits this year from builders merchants Wolsley drove the shares down by 20 to one stage in hectic trading. There was a significant two-way pull at the end of the day as the shares were off 10 1/2 at 466 1/2p. At 7.30p.

FT GOLD MINES INDEX. Table with columns: Mine, Price, Change, % Change. Rows include Anglo American, Barrick, etc.

FT-SE Actuaries Share Indices. Table with columns: Index, Change, % Change. Rows include FT-SE 100, FT-SE Mid 250, etc.

Hourly movements. Table with columns: Index, Open, High, Low, Close. Rows include FT-SE 100, FT-SE Mid 250, etc.

FT-SE Actuaries 350 Industry baskets. Table with columns: Basket, Open, High, Low, Close. Rows include Bldg & Constr, Pharmaceuticals, etc.

Additional information on the FT-SE Actuaries Share Indices is published in Securities Issues. The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Institute of Actuaries.

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FINANCIAL TIMES EQUITY INDICES

Table with columns: Index, Mar 12, Mar 11, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Mar 3, Mar 2, Mar 1, High, Low. Rows include Ordinary Share, Div. yield, P/E ratio, etc.

Table with columns: Index, Mar 12, Mar 11, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Mar 3, Mar 2, Mar 1, High, Low. Rows include SEQA bargains, Equity turnover, etc.

Table with columns: Index, Mar 12, Mar 11, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Mar 3, Mar 2, Mar 1, High, Low. Rows include FT-SE AIM, FT-SE 100, etc.

Table with columns: Index, Mar 12, Mar 11, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Mar 3, Mar 2, Mar 1, High, Low. Rows include FT-SE 100, FT-SE Mid 250, etc.

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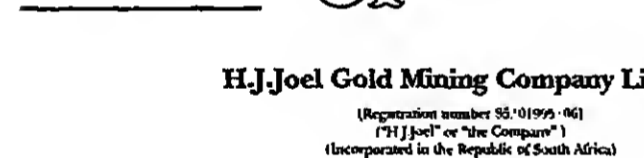
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JCI Limited



H.J. Joel Gold Mining Company Limited

(Registration number 53/01999-46) "HJ Joel" or "The Company" (Incorporated in the Republic of South Africa)

SALIENT DATES OF THE RIGHTS OFFER

Further to announcements dated 1 March 1996 and 11 March 1996, H.J. Joel is to proceed with a rights offer of 164 000 000 new ordinary shares of one cent each to be issued at a subscription price of 250 cents per share on the basis of 84 new ordinary shares for every 100 ordinary shares held in H.J. Joel at the close of business on Friday, 15 March 1996 ("the offer").

The Johannesburg Stock Exchange ("the JSE"), subject to registration by the Registrar of Companies in Pretoria of the rights offer documents, has granted a listing for the H.J. Joel renounceable (nil paid) shares of allocation ("letters of allocation") from Monday, 18 March 1996 to Wednesday, 10 April 1996 and for the new H.J. Joel ordinary shares from Thursday, 11 April 1996.

The salient dates of the offer are as follows:

Table with columns: Date, Event. Rows include Last day to register for the rights offer, Last day for lodging of postal acceptances, etc.

TO SAVE THE RAINFOREST WE PROVIDE TREES TO CHOP DOWN.

By helping people to the minimum to plant trees, WWF are working to save some of the problems that cause deforestation. When trees are chopped down for firewood, we help plant fast growing species as a renewable source of fuel. This is particularly valuable in the Imperatore Forest.



World Wide Fund for Nature

World Wide Fund for Nature. You work in the rainforest. You need to help maintain it. You need to help maintain it. You need to help maintain it.

The Financial Times plans to publish a Survey on

Uruguay

on Friday, May 24.

The survey will look at the country's economy, Mercosur, pensions reform, banking, politics and more.

For more information on advertising opportunities in this survey, please contact: Penny Scott in New York: Tel: (212) 688-6900 Fax: (212) 688-8229

Raul Fontaina in Uruguay: Tel: (5982) 403-811 Fax: (5982) 498-762

FT Surveys

Additional information on the FT-SE Actuaries Share Indices is published in Securities Issues. The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Institute of Actuaries.

Handy down... at play... Newcrest, the goldminer...

WORLD STOCK MARKETS

Main table of world stock markets including Europe, Asia, Africa, and other regions with columns for stock names, prices, and changes.

Advertisement for Rockwell: To be a world leader in diverse businesses you need the very best scientists and engineers. Rockwell has 15,000 of them.

INDICES table showing various market indices like Nikkei, Dow Jones, and others with their respective values and changes.

US INDICES table showing US market indices such as Dow Jones, S&P 500, and NYSE Active Stocks.

Table of active stocks in various markets including Australia, South Korea, and North America.

INDEX FUTURES table showing futures contracts for various indices like S&P 500, Nikkei, and others.

4 pm Close March 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized into columns with headers like 'Low', 'High', 'Open', 'Close', 'Change', and 'Volume'. Includes sub-sections for 'D', 'L', 'H', 'G', 'F', 'E', 'I', 'J', 'K'.

BE OUR GUEST. RR & ROYAL. When you stay with us in LUXEMBOURG stay in touch with complimentary copy of the FINANCIAL TIMES.

Have you... (Advertisement for a product, possibly related to the 'Be Our Guest' ad, featuring a circular logo and text.)

مكازم العمل

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for 'Continued from previous page', 'U', 'V', 'W', 'X', 'Y', 'Z', and 'A-Z'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market prices with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for 'Continued from previous page', 'A-Z', and 'A-Z'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for 'Continued from previous page', 'A-Z', and 'A-Z'.

Advertisement for 'Denmark' featuring the text 'Have your FT hand delivered in Denmark' and 'Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.' Includes contact information for Copenhagen, Aarhus, Odense, Aalborg, and Esbjerg.

AMERICA

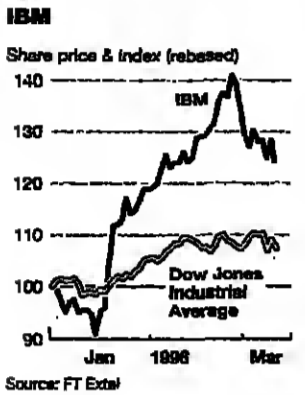
Equities slide as bond yields climb again

Wall Street

US equities tumbled in early afternoon trading as bonds proved unable to hold on to the gains made late on Monday...

By 12:44 pm, trading in futures on the Standard & Poor's 500 was halted for half an hour when the June contract slid 12 points...

Still, US shares gave up nearly all of the ground that they regained on Monday as US financial markets recovered from the sharp sell-off on Friday...



surprisingly strong figure on job growth. The S&P 500 was 10.09 lower at 629.59 and the Dow Jones Industrial Average 83.82 off at 4,597.18...

Brazil declines 1%

Sao Paulo was marked 1 per cent lower in midday trade in spite of an improved outlook for the government's social security reform plan...

S Africa awaits budget news

Johannesburg's industrialist sector ended the day firmer on a turnaround in sentiment following the overnight surge on Wall Street...

posite, which is weighted towards the sector, off 10.72 at 1,068.78 and the Pacific Stock Exchange technology index 1.6 per cent down.

Large-capitalisation technology companies on both the Nasdaq and the NYSE led the sector lower.

IBM - which had jumped 40 per cent since it reported stronger than expected 1995 results in January - slid 3 3/4 to \$113 1/2 after Mr John Jones, an analyst at Salomon Brothers...

On the Nasdaq, Microsoft fell 1 1/4 to \$94, Intel dropped 1 1/2 to \$56 1/4 and Oracle slipped 3 3/4 to \$47.

Canada Toronto was weak at mid-session, again taking its lead from US bonds and Wall Street...

The 225 index rose 153.98 to 19,560.27 after moving between 19,554.30 and 20,008.07, with foreign demand concentrated on steels and car shares...

Guayana Resources continued its winning ways, rising 3 3/4 to C\$13 on positive results from its French Guiana diamond mining operations...

EUROPE

Mixed reception for BASF and Bayer dividends

Continued volatility in US financial markets took most Continental bourses into early recovery, and dropped them into a mild depression by the end of trading.

FRANKFURT ushered in the "Big Three" chemicals dividend season, moving the constituent stocks both ways as the Dax index fell 4.43 to an 11-month low of 2,415.29...

Bayer and BASF led the turnover charts, accounting for around DM1bn each within a German total of DM1,00bn. But Bayer's 20 per cent rise in profits and 15 per cent dividend increase led the shares in profit...

The automotive sector was similarly mixed. MAN dropped a further DM12.80 to DM402.20 after underperforming the market over the last 12 months...

ASIA PACIFIC

Overseas demand spurs Nikkei as region rebounds

Tokyo

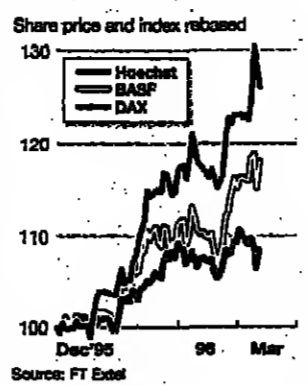
Wall Street's overnight rebound cheered investors and the Nikkei average recovered 0.8 per cent from Monday's low for the year, spurred by demand from overseas investors...

The 225 index rose 153.98 to 19,560.27 after moving between 19,554.30 and 20,008.07, with foreign demand concentrated on steels and car shares...

Individual investors bought high-technology stocks, which had been out of favour due to the sector's recent weakness on Wall Street...

HONG KONG recouped 2 per cent after Monday's 7.3 per cent plunge, although shares came off early highs. The Hang Seng index was up 205.00 at 10,802.45 after reaching 10,737.07...

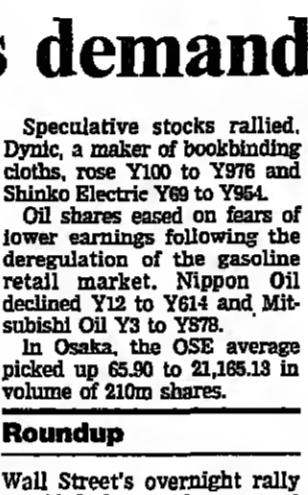
German chemicals



market share and the apparent peaking in demand for printing machinery at lower levels than in the early 1990s.

PARIS, too, offered a mixed automotive sector, where Michelin rose FF4 to FF239 on broker buy recommendations...

Swire Pacific



Kong HK\$2.05 to HK\$1.75 and its Hutchison associate 70 cents to HK\$4.80.

Swire Pacific, expected on Friday to announce a 19 per cent rise in 1995 net profits...

TAIPEI was still more worried about Chinese war games than relieved by events across the American continent. The weighted index fell below recent support at 4,700...

HONG KONG recouped 2 per cent after Monday's 7.3 per cent plunge, although shares came off early highs. The Hang Seng index was up 205.00 at 10,802.45 after reaching 10,737.07...

sault was down FF2 at FF488 after reaching FF709 in an attempt to renew an exceptionally strong share price run this year...

Other sensitive areas were more rewarding. Navigation Mixte jumped FF70 to FF819 as the Paribas offer to buy out the group at FF600 a share opened...

The SMI index turned back from a day's best of 3,560.2 to close 34.3 ahead at 3,505.5. Ciba rebounded SF30 to SF130 and Sandoz picked up SF35 to SF135 after the profit-taking of the previous two sessions...

Roundup

Wall Street's overnight rally provided the cue for renewed buying in regional markets, although many investors remained cautious, fearing further volatility in the US.

JAKARTA recovered nearly all of Monday's losses before the composite index eased back to close 16.32, or still 3 per cent, higher at 560.86 after touching 565.37.

Most major blue chips managed to erase part of Monday's heavy losses. HSBC climbed HK\$1.50 to HK\$117, Cheung

FT-SE Actuaries Share Indices

Table with columns for Monthly changes, Open, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE Actuaries 100, FT-SE Actuaries 200, FT-SE Actuaries 300.

THE EUROPEAN SERIES

Table with columns for Monthly changes, Open, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE Europe 100, FT-SE Europe 200, FT-SE Europe 300.

pean priority list, viewed the creation of Novartis as "the most visionary example of consolidation in the healthcare industry thus far". He believed the proposed merger of two companies, strong in their own right, offered outstanding shareholder value.

Financials in the spotlight on speculation about future mergers included SBC, up SF5 to SF141 ahead of today's release of 1995 results, Zurich Insurance, and Winterthur Insurance, SF15 ahead at SF175.

Surveillance moved forward SF95 to SF135 after its 1995 results proved in line with expectations.

MILAN was mixed to close 34.3 ahead at 3,505.5. Ciba rebounded SF30 to SF130 and Sandoz picked up SF35 to SF135 after the profit-taking of the previous two sessions...

Trading hours were extended by 10 minutes because of computer malfunction caused by heavy trading in Korea Housing Bank's new shares...

SINGAPORE bounced back but the mood remained cautious. The Straits Times Industrial index advanced 37.58 to 2,353.92 in weak turnover of 102m shares.

The biggest gain was seen in Fraser & Neave, the drinks company, which jumped 60 cents to S\$15.70. Cerebos, the food group, was also strong, up 30 cents at S\$12.60.

KUALA LUMPUR picked up 1.6 per cent, or half of Monday's loss, with most of the day's demand concentrated on second line stocks. After reaching a session's high of 1,104.97, the composite index ended 16.35 up at 1,089.94.

SEATTLE's hard currency B shares edged ahead in a technical rebound, although analysts said that continuing uncertainty kept most investors

away. The index moved up 0.126 to 50.336. Analysts noted that domestic Chinese investors had been sellers of Shanghai B shares on worries about China-Taiwan tensions...

BOMBAY lacked direction, inhibited by political uncertainties ahead of the general election, due before June, and with financial year-end considerations dampening enthusiasm. The BSE-30 index inched forward 8.35 points to 3,299.94.

Heavy position-taking pushed Bhanuka up by Rs14.95 or 6.8 per cent to Rs224 on the National Stock Exchange, with more than 28m shares traded in the last half-hour.

FT/S&P ACTUARIES WORLD INDICES table showing various regional indices and their performance over time.

BAA plc advertisement for £250,000,000 and £260,000,000 bonds, and £350,000,000 multiple currency revolving credit facilities.

Vertical advertisement for Murdoch's and other financial services.